

Provincial Government: Western Cape



Department of Local Government

**Strategic Plan
2003/04 TO 2005/06**

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Part A: Strategic Overview

1. Statement of Policy and Commitment by the Minister of Local Government

The Western Cape has set itself the goal to build World Class Province which cares and delivers - and which shows how different people, from diverse communities, can work best together in making a success of our common future.

The preparation of this Strategic Plan by the Department of Local Government coincides with realignment of political forces in the Western Cape. It follows that this plan responds to the policy priorities of the Provincial Executive towards its Municipal partners; to significantly improve the lives of all of the people of our province – particularly in those areas where the levels of poverty are highest, and where daily life continues to be a struggle for simple survival.

We are keenly aware of the fact that municipalities are the front-line agents in our common fight against poverty, and our emphasis therefore, is on finding the best ways to capacitate and empower local government to be sustainable and effective agents of change and delivery in our communities. We see this as the core role of the Department - ensuring a viable and sustainable system of local government in the province.

The task of the Department of Local Government has undergone significant changes in the period pre, during and post the restructuring of municipalities. A more focused reorganized Ministry and Department now allows for the emergence of a new strategic emphasis on empowerment and capacitating municipalities within a cooperative governance milieu.

It is therefore with confidence that I commit my Ministry to the delivery of the strategies outlined in this Plan. We shall collectively ensure the implementation of this plan as it carries with it the goodwill of a committed team towards delivering practical solutions to the developmental challenges facing our communities.

Minister Cobus Dowry



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2. Overview by the Accounting Officer: Head of Department

The establishment of a separate Department for Local Government reflects the priority that the Western Cape attaches to municipalities in improving the lives of communities. The establishment of a new Department also creates the opportunity to reflect on improvements and changes that are required in the province to make the system of local government perform optimally.

The present situation is one of being a delivery agent for national programmes and a minimalist role within the national legislative mandate.



Consequently the present allocation of own resources by the Provincial Government does not sufficiently reflect the focus deserved by an effort to ensure successful municipalities and thereby in turn, successful delivery agents for change and development. This fact is illustrated by present budget figures where 60% of expenditure is from national conditional grants, supporting national programmes.

In developing this plan we combined the views of our Provincial and Municipal partners with our own sense of where we need to be and produced a Strategic Plan for the Department of Local Government which we believe will take us forward in making municipalities successful.

In essence our approach is one of forming partnerships with local government and taking co-responsibility for ensuring successful local government. It follows that our focus must be one of adding value in a proactive way in disposing of our constitutional obligation to regulate, monitor, support and co-ordinate.

Our strategic plan is focused on 10 strategic goals falling within two categories. Our strategic goals that support our internal organizational performance are:

- Providing sound administration;
- Building appropriate organizational skills and capabilities; and
- Creating effective human resources and financial management capacity for the department.

Our second category of strategic goals addresses the delivery of our strategic mandate:

- Shaping Provincial strategy in respect of local government;
- Providing leadership in building developmental local government;
- Ensuring local government sustainability;
- Facilitating excellent intergovernmental relations;
- Enabling legislative clarity;
- Facilitating constructive management of the political dynamics; and
- Facilitate and support the creation of an effective Disaster Management system.

Our plan is to give substance to these goals in three stages:

- Stage I: Consolidating and ongoing Improvement of current work programmes
- Stage II: Improving Management capability in respect of Intergovernmental Relations
- Stage III: Providing leadership in respect of the provincial policy agenda for local government

We understand that we still need to build the competence, concepts and networks required to fully evolve from our current organization into a highly effective change agent for Municipalities. This plan, however, establishes a broad strategy, mandate and focus areas for the Department with which we will be able to create a series of specific programmes and interventions.

I would like to thank my staff for their collaboration and ongoing support in the creation and implementation of this Strategic Plan.

Carel Du Preez

3. Our Vision

SUCCESSFUL MUNICIPALITIES

Municipalities are under increasing financial pressure, limiting inroads into the provision of basic services. The ongoing provision of infrastructure cannot continue unless ways can be found to maintain and sustain affordable municipal services. A sustainable system of local government will have to achieve a balance between stimulating the creation of sustainable livelihoods for their communities and finding ways to provide the affordability, equity, efficiency and effectiveness with which the portfolio of municipal services are provided.

Our Vision is of a future in which all municipalities are successful and sustainable not only in delivering basic services to their communities, but also in developing the social and economic foundations of the communities that they serve.

Our strategy begins to outline Provincial initiatives we believe will assist municipalities in maintaining their current momentum with service delivery, whilst building their capacity to fulfil their developmental obligations. Our strategy further seeks to strengthen the financial and institutional sustainability of municipalities by means of a sound and constructive system of intergovernmental relations.

4. Our Mission (statement of intent) and Strategic Goals

Our statement of intent is simple, yet it captures the complex essence of what we believe is required within the municipal sector – it is our mission to ensure municipal success and sustainability!

A critical review of our environment and an evaluation of the way in which we have responded previously convinced us that we need to focus on the following Departmental strategic goals:

Goal I: Providing sound administrative support to an effective Department

Goal II: Shaping Provincial strategy in respect of local government:

Fulfilling a leading role in the development of a Provincial strategy in respect of local government. Such a strategy needs to feed into and form part of a broader Provincial plan that outlines objectives and desired outcomes and must indicate the roles and responsibilities of municipalities in pursuing these objectives and achieving such outcomes.

Goal III: Providing leadership in building developmental local government:

Providing a package of policies, projects and interventions to enable the Department and the Province to actively support the building of developmental local government.

Goal IV: Ensuring local government sustainability

Monitoring progress, building the analytical, interpretive and evaluative capabilities of the Province to understand issues and trends in local government performance and enable the Province to proactively intervene and support municipalities with appropriate programmes of action.

Goal V: Facilitating co-operative government

Shaping the agenda, influencing the strategy and facilitating the creation and maintenance of structures to facilitate a system of intergovernmental relations with:

- The City of Cape Town;
- District and local municipalities through the Provincial Advisory Forum;
- Organised Local Government through SALGA/Weclogo;
- Provincial line departments; and
- The National Department of Provincial and Local Government.

Goal VI: Enabling legislative clarity

Providing an expert advisory service to municipalities, influencing the national legislative programme, performing the full mandate of statutory responsibilities and creating an appropriate provincial legislative agenda.

Goal VII: Facilitating a constructive political process

Providing decision-making support, and assistance in process facilitation to enable political processes to function optimally.

Goal VIII: Building appropriate organizational skills and capabilities.

Establishing an institution fit for its purpose, staffed with appropriately qualified, skilled, re-skilled and motivated people. Applying recruitment, selection, training and career development processes that are both in line with legislative imperatives and departmental objectives.

Goal IX: Creating effective human resource and financial management capacity for the Department

Establishing an efficient human resource- and financial management capacity and to continuously review and improve human resource and financial management systems and processes internal to the department. To ensure compliance with all relevant legislative and administrative requirements and equip departmental staff with the capabilities required to maintain all human resource and financial management systems in support of departmental functioning.

Goal X: Facilitate and support the creation of an effective Disaster Management system

Support the implementation of the Disaster Management Act.

5. Strategy Overview

In order to achieve our strategic goals we are on a three stage journey. In some instances the second stage of the journey has already commenced.

Strategy Emphasis	Dominant Roles	Provincial Mechanisms
Stage I Consolidation and ongoing Improvement of current work programmes	Delivery agent for national programmes <ul style="list-style-type: none"> ○ IDP, ○ LED, ○ URP ○ ISRDP. ○ Disaster Management ○ MSP ○ CMIP Minimalist role within national legislative mandate emphasizing: <ul style="list-style-type: none"> ○ Monitoring ○ Support ○ Coordination Provide expert advice service to less capacitated municipalities Providing a Ministerial support service	Programme administration Relationships management Information provision Ad hoc technical support

<p>Stage II <i>Improving the management of Intergovernmental Relations</i></p>	<p>Active emphasis on Provincial coordination of intergovernmental relations re. Local government</p> <p>Development of a provincial local government strategy</p> <p>Facilitate political decision-making support processes and Provincial Mechanisms</p>	<p>Policy Agenda setting Strategy development Structures Procedures Protocols Relationship management/Networking</p>
<p>Stage III <i>Providing leadership around an original policy agenda adding unique value to both municipalities and the province</i></p>	<p>Develop a Provincial policy framework and plan for municipal support</p> <p>Design and implement proactive intervention programmes and projects</p> <p>Introduce relevant financial and technological solutions and best practices</p> <p>Actively build capacity by becoming a conduit for sharing learning and best practices between municipalities</p>	<p>Finance Regulate Support Instruments Centre of Excellence Best Practice rewards</p>

The above strategy outline does not represent a set of alternatives; it rather reflects cumulative stages in gearing up towards a new role, rooted within the national context, and aimed at adding value to the way in which the Provincial Government of the Western Cape responds to its specific challenges.

It is of importance to note the timing and durability of each stage. Although it may be easy to project a default strategy into the future based on the implementation of national programmes and legislative requirements, these aspects of the Department's strategy will be the least durable. On the other hand, a strategy leading to a unique and value added policy framework may take longer to achieve, but will be durable and highly relevant in the medium to long term.

The basic prerequisite for successful implementation of the Department's strategic shift is however to capture legitimacy within the political and administrative arena of national, provincial and local levels for playing this new role.

6. Delivering the Strategy

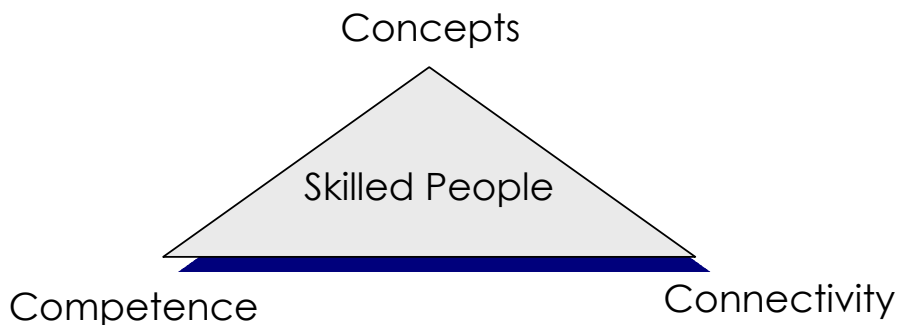
6.1 Key Success Factors

The Department of Local Government's strategy is more skills driven than finance dependent. It is for this reason that some of our goals are inwardly focused – on the creation of a Department able to serve in a dramatically changed environment.

However, we also realize that much of our success hinges on our ability to play a pivotal role in facilitating intergovernmental relationships for the broader provincial family. For this we need trust, credibility, legitimacy and confidence in the eyes of our stakeholder groups. We see these factors providing us with the connectivity on which an effective IGR role is dependent.

It follows that the impact through our strategy will ultimately be dependent on the quality of our ideas and ability to fund them. We know that the value of our contribution depends on the concepts and solutions we are able to generate.

Our approach should be one of forming partnerships with local government and taking co-responsibility for ensuring successful local government. It follows that our focus must be one of adding value in a proactive way in disposing of our constitutional mandate of regulating, monitoring, supporting and coordinating.



6.2 Unique offering

The Department's value offering is currently based on:

- A unique understanding within the PGWC of the complexity and challenges of the local government sector;
- A unique overview of the new legal order governing municipalities and the legislative framework regulating the intergovernmental interface with the municipal sphere of government;
- The ability to provide procedural and legislative certainty; and
- A fresh mandate driven by a sound strategy.

6.3 Our Values

We re-affirm our values based upon the principles of Batho Pele but have specifically agreed (in June 2002) that we want to also base our values upon:

- (a) A sense of **personal conduct** to ourselves and others reflecting
 - Honesty
 - Fairness
 - Dedication
 - Diligence
 - Accountability
 - Efficiency
 - Friendliness

- (b) A **culture of management** reflecting
 - Participative decision-making
 - Transparency
 - Maximal autonomy
 - Discipline

- (c) A **sense of achievement** built upon an ethos of
 - Professionalism
 - Service delivery
 - Responsibility
 - Ongoing personal growth and dedication to a culture of learning

6.4 Key Uncertainties

Uncertainties are often excuses for inaction. We therefore have taken a critical look at the key uncertainties that would most likely impact upon the implementation of our strategy:

- a) **Political Environment:** We view coalition politics as a reality in the Western Cape political landscape. We do therefore not believe that the lack of a single majoritarian rule dispensation represents uncertainty. We thus plan with the view to best understand the dynamics of our political environment and serve the processes required by successful cooperative and coalition governments.
- b) **Legislative Context:** Most of the new generation framework legislation is either in place or in the latter stages of development. It is therefore our conclusion that sufficient clarity is currently in place to allow us to plan effectively. The key outstanding legislation that may have a material impact on the work of the Department are:
- Municipal Finance Management Bill insofar as it defines a monitoring and oversight role on the Province;
 - Property Rating Bill insofar as it places a monitoring and quality control obligation to the Province; and
 - Disaster Management Bill insofar as it outlines a coordination function for the Province.
- c) **Institutional locus:** We understand that the institutional location of some of our responsibilities remains subject to provincial policy. However, the Department enjoys sufficient institutional clarity in order to proceed with implementation planning. The relatively small size and focused nature of the Department provides an opportunity to play a powerful role in the process of building a fresh approach in respect of the Provincial interface with the municipalities.

7.1 Introduction

The new Constitutional order changed the nature of the relationship between the Provincial and Local spheres of government significantly.

The Constitution rests on three principles in outlining the architecture of intergovernmental relations. These are:¹

- a) *Distinctiveness* : by separating the degree of legislative and executive authority of each sphere of government (resulting in a **regulative role** for each sphere);
- b) *Interdependence*: Referring to the degree of dependence between spheres of government to fulfill their respective Constitutional obligation. There are two aspects to this; the first relating to the entitlement of provincial and local assistance from the national sphere (the **supportive role**), and secondly the respective supervision of the provincial and local spheres by national and provincial government (the **monitoring role**);
- c) *Interrelatedness*: The duty of each sphere to cooperate with each other in good faith and mutual trust (the **coordination role**).

The substance of the provincial/municipal interface rests on the practical expression of the above three Constitutional principles into regulation, monitoring, support and coordination activities in the PGWC.

National legislation sets out specific functions, powers and duties for the Provincial Minister responsible for Local Government and hence also the Department of Local Government (DLG). How the Minister and the DLG exercise these powers and perform these functions and whether other additional functions are performed, is determined by strategic choices. These choices are informed by the following contextual considerations:

- The broad constitutional context of provincial-local government relations
- The multi-departmental relations with municipalities
- The national government context of provincial-local relations
- The structure of local government.

¹ See Powell: 2001:258 in Levy N. and Tapscott C. 2001: *Intergovernmental Relations in South Africa: The Challenges of Cooperative Government*. IDASA.

7.2 *The legal context of Department of Local Government Relations with Municipalities*

7.2.1 *Constitutional context – the three elements of decentralization*²

In order to appreciate the place and role of the Department of Local Government it is necessary to sketch the broad picture of the interface between the Province and local government. The PGWC as a sphere of government interacts with municipalities in the province in the context of the three elements of decentralization that constitutes South Africa's system of government. These elements - autonomy, supervision and cooperation - make the spheres, in the words of the Constitution, "distinctive, interdependent and interrelated".³

a) Autonomy

The Province and municipalities are "distinctive" in the sense that both enjoy *autonomy*, that is, the degree to which each sphere is the final decision-maker on a particular matter that falls within its area of competence with regard to legislation, administration and finances. The powers of the Province and municipalities are set out in Schedules 4 and 5 of the Constitution; the Province has full legislative competence with regard to Schedule 4A and 5A matters, but is restricted to the extent set out in section 155(6) and (7) of the Constitution (monitor, support and regulating the exercise of municipal executive authority).

The area of local government's competency may be increased by assignment of powers and function by the national and provincial governments. With regard to the administration of Schedules 4A and 5A matters, a municipality is entitled to the assignment of those matters which necessarily relates to local government and they would most effectively be administered locally and the municipality has the capacity to administer them.⁴

It must however be stressed that no sphere of government is unqualified autonomous, due to the interdependence and interrelatedness required by the constitution.

² See *Guideline Document on Provincial-Local Intergovernmental Relations*, prepared by Johann Mettler, Jaap de Visser and Nico Steytler for DPLG, September 2002.

³ Section 40(1) Constitution.

⁴ S 156(4) Constitution.

b) Supervision

Local government and provinces are “interdependent” in the sense that the exercise of autonomy by a municipality is *supervised* by provincial and national government; the national and provincial governments make final binding decisions affecting local government. Supervision includes four types of activities:

- regulation;
- monitoring;
- support; and
- intervention.

Regulation sets the framework within which local autonomy must be exercised.⁵ *Monitoring* is necessary to ensure that legislative frameworks are complied with and to indicate when *support* is required that would enable local government to exercise its autonomy effectively.⁶ Control means that the province makes decisions for and, on occasions, act in the place of a municipality.⁷

The autonomy of local government is thus relative to the extent that the national and provincial governments supervise it.

c) Cooperation

Provincial and local governments are “interrelated” in the sense that each must exercise its autonomy to the common good of the province and the country as a whole by *cooperating* with one another. This element of decentralization guides both the Province and local government how they exercise their autonomy – they must seek to align their policies and coordinate their actions.

7.2.2 Multi-departmental relations with municipalities

The DLG is not the only department that interacts with local government. Most of the other provincial departments deal to a greater or lesser degree with municipalities. This occurs largely in an uncoordinated manner. If sound provincial-local intergovernmental relations require, as it should, a consistent provincial policy and approach to municipalities, the major challenge is how to develop coherence and coordination among departments.

⁵ Section 155(7) Constitution.

⁶ Section 155(6)(a) Constitution.

⁷ Section 139 Constitution.

In general, the task of coordination falls on the Premier acting with his or her cabinet and, consequently, on the Director-General responsible for the Premier’s Office. While the Premier exercises executive authority together with the Cabinet, by “coordinating the functions of the provincial administration and its departments”,⁸ the Director-General, as head of the provincial administration, is responsible “for the intra-governmental cooperation between the relevant provincial administration and its various provincial departments, including co-ordination of their actions and legislation”.⁹

a) Autonomy

The allocation of powers and functions between the Province and municipalities in terms of Schedules 4 and 5 is unclear resulting in effect to a degree of concurrency; there is an overlap between matters listed in Schedules 4A and 5A on one hand and Schedules 4B and 5B or the other. It is a question of where are the cut-off points between provincial and local competencies in the same functional areas. The most important areas of uncertainty are:

Provincial	Local
Provincial Roads (4A)	Municipal Roads (5B)
Provincial Traffic (5A) Road Traffic Regulation (4A)	Traffic and Parking (5B)
Health Services (4A)	Municipal Health Services(4B)
Public Transport (4A)	Municipal Public Transport (4B)
Pollution Control (4A) Environment (4A)	Air Pollution (4B) Municipal Health Services (4B)
Provincial Planning, Urban and Rural Development (4A)	Municipal Planning (4B)
Tourism (4A)	Local Tourism

As these functions affect a number of line departments, the Province as a whole needs to address this issue and adopt a consistent approach to the definition of powers and functions.

Currently municipalities are performing functions that fall within the Province’s jurisdiction such as libraries and ambulance services. The issue that the Province faces is how to manage the mismatch between constitutional powers and practice. More generally, how should the Province manage the transfer of powers, functions and administration through the instruments of assignment, delegation and agency?

⁸ Section 125(2)(e) Constitution.

⁹ Section 7(3)(c) Public Service Act of 1994, as amended by Public Service Laws Amendment Act 86 of 1998.

The DLG is currently a member of a Trilateral Task Team (with the Provincial Treasury and Legal Services) investigating the issues of assignments to municipalities.

The department will perform a coordinating and leadership role in achieving a uniform approach to definition of powers and functions, as well as the shifting of functions.

b) Supervision

The Province **regulates** municipalities, through a number of departments, by establishing frameworks within which municipalities exercise their autonomy. The DLG has had the most prominent role in this respect through the establishment of municipalities in the province through the application of the Structures Act and the Systems Act. With the establishment of the new local government dispensation completed, the focus of regulation will shift to the various functional areas and the frameworks within which local autonomy must be exercised.

The regulation of municipalities by the Province would entail dealing with the question of developing a common framework for regulation which is premised on a shared conception of the constitutional status and place of local government.

While the Systems Act give the PROVINCIAL MINISTER for local government specific powers of **monitoring** municipalities, the monitoring of local government will inevitably entail that all line departments that have dealings with municipalities on substantive issues, will play a monitoring role. Given the fact that monitoring is a province-wide endeavour, the issues that the Province has to address are how to ensure the proper co-ordination of monitoring efforts, and, closely linked to the first, how the information gathered by the Province is shared among all departments.

With interaction with municipalities spread across departments, **support** is rendered by more than one provincial institution. The question is, then, how to ensure a complementary system of support that avoids duplication of effort and a waste of resources.

While effective monitoring and sufficient support should avoid the need for intervention, the prospect of issuing directives, assuming responsibilities or even dismissing a council cannot be ruled out. While the power to intervene in terms of section 139 is accorded to the

provincial executive (an approach followed by the Municipal Finance Management Bill), legislation has entrusted this power to specific Provincial Ministers. In terms of the South African Police Services Act the Provincial Minister responsible for Safety and Security may intervene with regard to municipal police forces while the Structures Act endows the Provincial Minister for local government with the power to dissolve a council. As monitoring, support and intervention is a continuum of interaction with a municipality, the issue of coordination is relevant to all aspects.

The Department of Local Government will play a role in facilitating a uniform approach to supervision in as much as it relates to the institutional effectiveness of the municipality.

c) Co-operation

Cooperation between the Province as a collective and all municipalities may take place in an all-inclusive political body (as has been the case in most other provinces where the Premier drives the process).

Cooperation may also occur through IGR structures that are sector specific. While there is yet no all-inclusive provincial IGR structure in the Western Cape, there are sectoral structures. The Provincial Advisory Forum, comprising of the Provincial Minister for Local Government and mayors of all the municipalities, has been established to advise the Minister on how he or she should exercise the powers relating to the establishment of the new local government dispensation. Where there are other sectoral IGR structures, the issue of coordination arises.

The Department of Local Government will facilitate the establishment of and manage and maintain an all inclusive IGR structure between Provincial and Local Government to promote co-ordination and synergy. This will exclude existing forums for line functional coordination by individual departments

7.2.3 National context of provincial / local interface

The interface between the Province and local government takes place within a national legislative, policy and administrative context which often adds complexity to the relationship.

Concurrency of interactions

Running concurrent with the Province's interface with local government, are the efforts of the national government to define the contours and scope of local government powers and to supervise municipalities. This often results in a duplication of effort and may even eclipse the role of the Province.

The department will fulfill a facilitative role in ensuring greater co-ordination between national and provincial supervision of local government.

Sectoral national-provincial relations

Despite an effort by the national government to cluster its departments, it still relates along sectoral lines with provincial line departments. The sectoral approach often results in inconsistent and conflicting positions and policies that provincial line departments adopt. Where the policies that impact on local government may be inconsistent with national policies, then these may be relayed by the provincial departments to municipalities. The issue is thus how integration of provincial policy relating to local government can be achieved.

The Department will play a facilitative role via the IGR- structures and IDP processes in integrating provincial policies relating to local government.

Local government context

The interaction that the Province has with local government is not with a uniform institution; the three categories of municipalities place their own complexities on the relations.

- **Metro**

With 75% of the province's population living in the metropolitan area and the metro's budget approximating that of the Province's, the interface with this municipality is of a different order. It impacts fundamentally on how powers and functions are distributed between the province and the metro, how supervision takes place and places special demands on effective cooperation.

Special structures should be created to mediate the relationship with the metro and the Department has to play a leadership role with regard to such structures. More time and resources should be devoted to fulfil our constitutional mandate *vis a vis* the City of Cape Town.

- **District municipalities**

In the areas outside the metropolitan area, the Province's primary relationship is with the district municipalities, which in turn, co-ordinate and communicate with local municipalities. This arrangement will work adequately if the district municipalities perform their coordination and communication functions effectively. The health and well-being of district-local relations is thus an important issue for the Province. Already the DLG seeks to manage these relations through the District Advisory Forums.

- **Local Municipalities**

Interaction with local municipalities is either in a one on one situation around specific (localized issues) or collectively via a provincial advisory forum, which includes a technical forum as well.

7.2.4 The legislative mandate

a) Mandate in terms of national legislation and policy

National legislation demarcates the following focus areas for the Provincial Minister for local government:

- General regulation, monitoring, support of and coordination with, local government in terms of the Structures and Systems Acts.
- Within the overall supervisory role, the regulation and monitoring of the financial management of municipalities. This will take place in terms of the Municipal Financial Management Bill and the Municipal Property Rates Bill.
- Within the overall coordination role, integrated planning in terms of the Systems Act.

The details of these powers and duties are set out in the attached schedule A. Each focus area is analysed in the context of the forms of interaction: dealing with autonomy, supervision and cooperation.

b) Mandate in terms of provincial legislation and policy

- **Provincial legislation**

Limited mandates appear in provincial legislation. The Development Act of 1999 and the Health Facility Board Act of 2002 provide for consultation with the PROVINCIAL MINISTER for local government.

- **Provincial policy**

In terms of provincial policy, further mandates have been imposed on the DLG.

The Provincial Cabinet identified the DLG as the technical champion for the Urban Renewal Programme and Integrated Sustainable Rural Development Strategy. These programmes are initiated by the national Department of Provincial and Local Government (DPLG). The DLG also coordinates and monitors the Local Economic Development programme (LED) and Consolidated Municipal Infrastructure Programme (CMIP), which is initiated by the DPLG.

The DLG is responsible for Disaster Management.

The DLG is a member of the Trilateral Task Team investigating assignments of functions to municipalities by the different provincial departments. This team sees its role as a conduit between the municipalities, organised local government and the provincial departments. Through this process the DLG endeavors to identify a legislative inventory of provincial functions currently performed by municipalities and to investigate the possible devolution of functions to municipalities.

8. Contextual Overview informing the Strategic Plan

8.1 Contextual considerations for the Department -Constitutional and legislative developments

Several ongoing change processes influence the content of strategy and strategic positioning of the Department. Key amongst these contextual issues are:

- a) The ongoing **refinement and evolution of the new order local government legislative framework** in the form of the Municipal Systems and Structures Acts; guiding the role, powers and value addition strategy of the Department in relation to Municipalities. A

major matter to be resolved is the legislative scope, strategy and approach of the Province in formulating its own legislative agenda;

- b) The **completion and promulgation of key new legislation outlining new responsibilities to the provinces in relation to local government.** The Municipal Property Rates and Finance Management Bills are the most prominent of a series of new legislation in the pipeline with significant implications facing the Department. In addition function-specific legislation is unfolding in relation to disaster management and municipal health services which similarly impact on the working of the Department;
- c) The **completion of the transition process of local government** flowing from the implementation of the final phase of local government transformation after 5 December 2000. The most prominent of these processes relates to the finalisation of the division of powers and functions in terms of sections 18 and 84(3) of the Municipal Structures Act, as amended, and the winding down of the two-year statutory transition period allowed after the 2000 local elections (now extended to 30 June 2003);
- d) The **evolving nature of the intergovernmental interface between the Province and Municipalities** in the Western Cape. The establishment of District-based and Provincial co-ordination, advisory and consultative structures alongside organised local government unlocked some concern with regard to the respective roles, responsibilities and political influence associated with the various inter-governmental structures. The proposed reorganisation of SALGA adds further complexity to the nature of the relationship with Municipalities and the role of the Provincial Minister within these;
- e) The **different nature of the City of Cape Town and its demands of Province in relation to district and local Municipalities** is a further key issue. The political dominance of the City and the interface with the Provincial Cabinet is a related inter-governmental dynamic influencing the manner in which the Department responds strategically;
- f) The **functional and financial interface between Municipalities performing services on behalf of the Province** is a further area of complexity. The causes of the current (ill defined and unresolved) service relationship between the Province and Municipalities are well documented and do not require expansion here. The urgent need to formalise the current contractual relationship and management of the financial risk for the Province has become a key focus area of the Department in leading the trilateral task team within Province. The

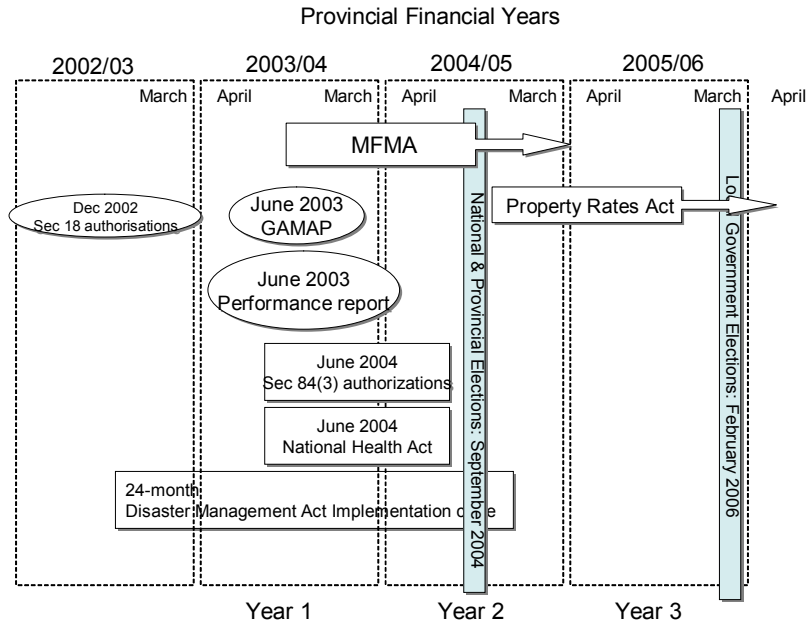
creation of a sustainable and disruption free resolution of the intergovernmental services and financial interface presents extremely complex challenges requiring strong leadership, co-ordination of Provincial decision-making, and possibly, a legislative response;

- g) The recent **restructuring of the Province**, resulting in the creation of a separate Department of Local Government is a further significant contextual issue. This restructuring not only separated planning from housing and local government, but went hand in hand with a division of responsibilities into a new Department. In addition to the support, development, regulation and development roles of the Department in relation to local government, specific functional responsibilities in relation to CMIP, MSP and MIG, IDPs, disaster management as well as the placement of the ISRDP and IURP and LED programmes has taken place within the Department. This internal restructuring process requires an organisational design response that simultaneously reflects the institutional resourcing requirements facing the Department and the strategic direction required by its leadership; and
- h) An **expectation shift in the role of the Department** is increasingly reflected in its involvement in both the trilateral task team and the placement of key inter-governmental programmes within the Department. The Department is no longer only expected to play its traditional role of monitoring, supporting, developing and regulation of Municipalities, but also needs to provide a key conduit for the co-ordination of the activities of other provincial line departments in relation to local government.

8.2 *Outline of key contextual time frames and milestones informing planning and intervention prioritization*

The current legislative framework provides for a period of transition during which various key elements of the final phase of local government transitions come into effect. These milestones overlap with provisions in sectoral legislation and also overlap with financial years. It follows that an outline of the transitional milestones provides a useful planning and prioritization tool for the Department.

The graphic below outlines the proclaimed and approximate dates in relation to key milestones faced by the Department. It can be observed that a large proportion of statutory milestones impacting on the Department will kick in during the 2003/04 financial year, with further emphasis following on in 2004/05.



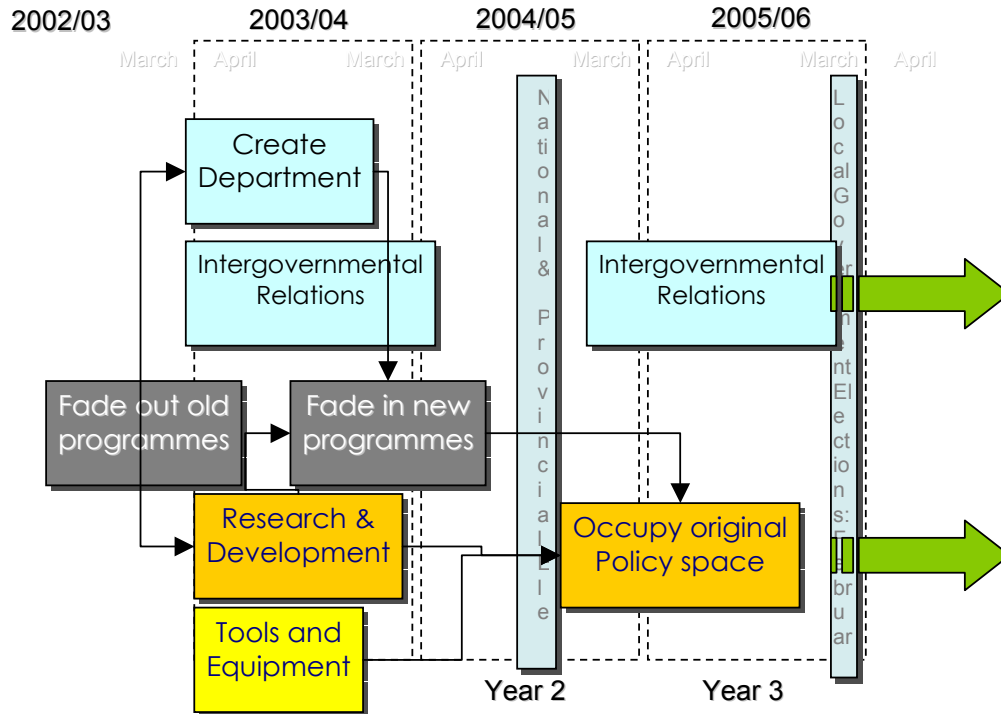
The initiating and completing the necessary steps for the creation of a new Department must be one of the key activities for 2003/04. Although the Department is rooted in some existing administrative entities, it still requires the completion of its organizational design and the placement and appointment of staff onto the new structure.

We also see that establishing the platform for inter-governmental relations as a high priority in the coming financial year. An increased emphasis in inter-governmental initiatives is again anticipated in the period leading up to national and provincial elections.

We also see 2003/04 as a transitional period during which our current programmes will be reviewed and where necessary, be wound down. In this year we will stream in our new initiatives fitting with this strategic outline.

The roll-out of an original policy agenda for the Department however, is only anticipated in the 2004/05 financial year. It follows that the emphasis during 2003.04 will be on research and development and establishing the tools and infrastructure underpinning this agenda. We foresee that initiatives such as a possible green and white paper process will precede our intended policy focus, culminating into a Provincial Local Government Act.

The relative priority emphasis on our strategy's delivery is illustrated below.
 Provincial Financial Years



9. Description of the Strategic Planning Process

In order to compile this document the following actions were undertaken:

- a) a desktop review of the current legislative provisions impacting on the role of the Department;
- b) the circulation of 17 self administered questionnaires to all district and a selection of local municipalities, as well as Weclogo and all Provincial line departments;
- c) a series of structured interviews with selected Provincial Heads of Department; and
- d) a literature overview of state/provincial roles within an inter-governmental system, and a review of current thinking and practices relating to public sector strategy.

The results of the initial research and interviews were reflected into two discussion documents; one dealing with the legislative framework impacting on the Department and the other a document prepared for a strategic work session.

A strategic work session, involving some 30 middle and senior managers from Department, as well as trade union representatives and organisation development experts was held on 16 October 2002. During this work session the ideas contained in this plan were debated and refined.

The final stage of the planning process involved the preparation of detailed Directorate business plans in support of the Strategic departmental Plan.

Part B: Programme and Sub-Programme Plans

10. Strategic Goals and Objectives

Table B1 below outlines the strategic objectives for each of the Departmental Goals.

Table B1: Strategic Objectives of the Department of Local Government: Western Cape

<p>Goal I: Providing sound administrative and financial support to an effective Department</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Ensure an efficient administrative support service to the Minister 2. Ensure efficient administrative support services for the Department 3. Conduct IT audit and develop appropriate strategy 4. Implement the PFMA successfully 5. Ensure sound financial management and administration 6. Restructure the Department
<p>Goal II: Shaping Provincial strategy in respect of local government:</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Shape/focus on provincial strategy re local government 2. Establish policy framework for clarification of division of powers and functions between provincial and local government 3. Facilitate refining of provincial strategies re. IDP's, Economic development and spatial development
<p>Goal III: Providing leadership in building developmental local government</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Conceptualize developmental local government 2. Compile a provincial developmental local government policy and programmes 3. Continue training course in developmental local government 4. Promote the alignment of provincial budgets, projects, programmes and priorities with IDP's 5. Assist municipalities with the reviewing of IDP's 6. Adjust current programmes in terms of new Departmental strategy 7. Co-ordinate the URP 8. Co-ordinate the ISRDP 9. Promote paradigm shift from hardcore service delivery towards creating an enabling environment for sustainable development 10. Conclude the final transformation phase 11. Research matters emanating from the departmental strategic plan 12. Co-ordinate the Local Economic Development (LED) programmes 13. Support municipalities with public participation 14. Co-ordinate and drive specific community focused matters

<p>Goal IV: Ensuring local government sustainability</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Monitor municipal sustainability and viability 2. Monitor the implementation of free basic services 3. Assist municipalities by developing a free basic services policy as guidelines 4. Co-ordinate the implementation of management support programmes 5. Co-ordinate municipal training initiatives 6. Facilitate the development of Provincial KPI's for municipal performance management system 7. Develop framework for municipal capacity building 8. Create capacity to execute interventions in terms of section 139 of the Constitution 9. Comply with the present municipal property taxation prescripts 10. Monitor quality and compliance with present municipal property taxation 11. Facilitate the implementation of the proposed new Act on property taxation 12. Monitor quality and compliance with proposed new municipal property taxation 13. Develop a provincial approach in respect of determination of sustainability of new services/ projects by municipalities 14. Develop and execute CMIP capacity building initiatives 15. Provide support to municipalities in respect of project preparation
<p>Goal V: Facilitating co-operative government</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Initiate a structure for regular political and technical interaction with the City of Cape Town 2. Maintain and promote and refine the functioning of existing intergovernmental for a, i.e. Provincial Advisory Forum (PAF), PAF Technical and District Advisory Forum 3. Co-ordinate provincial departmental participation in intergovernmental forums 4. Arrange annual joint conference with all three spheres of government 5. Establish and promote the Department as principle provincial liaison structure in relation to intergovernmental relations with local government 6. Define role definition and co-operation protocol with WECLOGA 7. Initiate protocol for local government relations between provinces
<p>Goal VI: Enabling legislative clarity</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Support municipalities by monitoring compliance with legislative prescripts re councillor affairs 2. Maintain the institutional integrity of municipalities 3. Purge the Municipal Ordinance no 20 of 1974 4. Develop a Western Cape local government act 5. Audit provincial ordinances with the view to develop new provincial legislation where the need exists 6. Provide guidance to municipalities regarding by-laws 7. Provide expert advice service to municipalities 8. Be of service to the Department by way of a resource centre for legislation

<p>Goal VII: Facilitating constructive management of the political dynamics</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Develop framework for a more structured, regular and vigorous interaction with the Exco of WECLOGA 2. Develop a scheduled programme of interaction, information sharing and capacity building with the Standing Committee of Local Government Affairs 3. Develop protocol for co-operation between and in support of district and local mayors 4. Facilitate a political protocol on the support of development
<p>Goal VIII: Building appropriate organizational skills and capabilities</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Develop and attract skilled professionals that can play a leading role in the municipal policy development arena 2. Establish a well developed, effective and representative personnel corps 3. Review and restructure organizational establishment
<p>Goal IX: Creating effective human resource and financial management capacity for the department</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Develop and maintain logistical support systems 2. Develop and facilitate a HIV/AIDS programme 3. Establish and maintain effective supply chain management 4. Ensure the establishment of a competent financial component
<p>Goal X: Facilitate and support the creation of an effective Disaster Management system</p> <p>Strategic Objectives:</p> <ol style="list-style-type: none"> 1. Create an effective provincial disaster management capability 2. Establish contractual service delivery interface with municipalities in respect of disaster management 3. Facilitate provincial-wide co-operation in the field of disaster management 4. Monitor and promote the development of an acceptable fire brigade service 5. Facilitate contractual service delivery interface amongst municipalities in respect of fire brigade services where applicable 6. Facilitate provincial-wide co-operation in the field of fire brigade services 7. Foster provincial relations with the Institutes of disaster management and fire brigades

Table B2: Measurable objectives, Performance measures and Targets

Programme 1: Administration						
Subprogramme1.1: Office of the Minister						
Aim: To conduct the overall management of the Ministry						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To ensure an efficient administrative support service to the Minister	Achieved goals of executive authority	Personnel and administration costs	Number of goals achieved	The administrative support functions will support the Minister to ensure that provincial goals are met	Continuous	Provincial Cabinet
Programme 1: Administration						
Subprogramme1.2: Corporate Services						
Aim: To conduct the overall management of the Department and ensure effective and efficient administration						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To ensure an efficient administrative support service to the Department	Cabinet submissions that comply with new guideline	Personnel and administration costs	Number of Cabinet submissions	Compliance with prescripts	Continuous	Departmental Management Committee
	Effective administrative support service		N/A	Effective administration	Continuous	
	Satisfactory resolved		Number of	Satisfactory	Continuous	

	representations Appropriate policies Defensible decisions		representations Number of policies N/A	resolved Appropriate policies Defensible decisions	Continuous Continuous	
Develop and attract skilled professionals that can play a leading role in the municipal policy development arena	Internal and external bursaries Trained candidates	R 200 000	Number of Internal and external bursaries Number of trained candidates	Qualified Candidates Qualified candidates	February 2004	Departmental Management Committee
To conduct IT audit and develop appropriate strategy	Analysis report Appropriate strategy Business plan to address gaps	R 200 000	1 Report 1 Strategy 1 Business plan	Effective and efficient IT technology which meets the needs of the Department	Continuous	Departmental Management Committee
To review and restructure organizational establishment	Restructured establishment	Personnel and administration costs	1 staff structure	Organisational structure that will meet the challenges of the strategic plan and budget	May 2004	Departmental Management Committee
To establish a well developed,	A well developed and effective personnel corps	Personnel and	Number of posts filled	Posts will be filled with	Continuous	Departmental Management

effective and representative personnel corps		administration costs		incumbents that will meet the requirements of the posts		Committee
To develop and maintain logistical support systems	Effective logistical support systems	Personnel and administration costs	1 Effective logistical support systems	Support system will meet the requirements of the strategic plan and budget	March 2004	Departmental Management Committee
To develop and facilitate a HIV/AIDS programme	Successfully functioning programme	R 180 000	1 Successfully functioning programme	Provincial success indicators	March 2004	Departmental Management Committee
To establish and maintained effective supply chain management	Cost-effective procurement of goods and services Efficient provisioning of stocks and goods	Personnel and administration costs	1 Effective supply chain management system	Supply chain management system will meet the requirements of prescripts	March 2004	Departmental Management Committee
To implement the PFMA successfully	Sound financial administration	Personnel and administration costs	1 Sound financial administration	Compliance with normative measures	Continuous	Departmental Management Committee
To ensure the establishment of a competent financial component	Competent financial component	Personnel and administration costs	1 Competent financial component	Financial component that will meet the requirements of the	March 2004	Departmental Management Committee

				Department, its strategic plan and prescripts		
To ensure sound financial management and administration	Sound financial management and administration	Personnel and administration costs	Sound financial management	Unqualified audit reports	Continuous	Departmental Management Committee
Programme 1: Administration						
Sub programme 1.3: Restructuring						
Aim: To provide for the restructuring of the department						
Measurable Objectives	Output	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To restructure the Department	Redesigned departmental structure A re-aligned and resourced department	Personnel costs	1 Redesigned departmental structure	Restructured departmental structure that will meet the requirements of the strategic plan and budget	March 2004	Departmental Management Committee

Programme 2: Local government institutional services						
Subprogramme 2.1: Legislation and administration						
Aim: To provide legislative clarity and institutional services to municipalities						
Strategic Objectives	Output	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
Support municipalities by monitoring compliance with legislative prescripts re councillor affairs	Municipalities that comply	Personnel and administration costs	Number of councils complying	Strict adherence to the law and judicious decision making	Continuous	Reports of the Auditor-general and quarterly returns
Maintain the institutional integrity of municipalities	Municipalities that function effectively	Personnel and administration costs	30 Municipalities that function effectively	Compliance with legal prescripts	Continuous	Reports of the Auditor-general and quarterly returns
Create capacity to execute interventions in terms of section 139 of the Constitution	A business plan for the establishment of capacity to execute section 139 interventions	Personnel and administration costs	Number of successful interventions	Workable and affordable interventions	March 2004	Departmental Management Committee
Provide expert advice service to municipalities	An acceptable advice service on general affairs of councils	Personnel and administration costs	Number of requests for advice	Advice to be in line with legal prescripts and practically orientated	Continuous	Departmental Management Committee

Develop a Western Cape local government act	Action plan with framework, processes to be followed and timeframes to be adhered to for a local government act	R 500 000	1 Action plan	Thorough research, comprehensive consultation and clarity to implement	March 2004	Departmental Management Committee
Purge the Municipal Ordinance no 20 of 1974	Provincial act without the sections that are obsolete or in conflict with the Constitution	R 200 000	1 Provincial act	Act in line with the Constitution	March 2004	Departmental Management Committee
Provide guidance to municipalities regarding by-laws	Acceptable advice service on by laws to municipalities	Personnel and administration costs	Number of requests for guidance	Guidance to be in line with new local government dispensation	Continuous	Departmental Management Committee
Audit provincial ordinances with the view to develop new provincial legislation where the need exists	Framework for draft contemporary provincial ordinances/acts	R 100 000	Number of contemporary provincial government Acts	Thorough research and consultation	March 2004	Departmental Management Committee
To be of service to the Department by way of a resource centre for legislation	A practical and effective resource centre	Personnel and administration costs	1 Resource centre	Correct interpretation of laws, government and provincial notices. To ensure timeous inputs when comments are required	Continuous	Departmental Management Committee

Programme 3: Developmental local government						
Sub programme 3.1: Developmental local government						
Aim: To promote the implementation of development local government						
Measurable Objectives	Output	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
Establish policy framework for clarification of division of powers and functions between provincial and local government	Memorandum of agreement (MOU)	R 500 000	30 MOU's	Improved clarity	June 2003	Trilateral Task Team, Provincial Cabinet, Provincial Advisory Forum and Provincial Advisory Forum (Technical)
	A position paper		1 Position paper	Improved relationships	MAY 2003	
	A provincial framework		1 provincial framework	Certainty on future assignments	August 2003	
	Function specific agreements		Number of agreements	Improved service delivery.	March 2004	
Conceptualize developmental local government	A guide to developmental local government	Personnel and administration costs	1 Guide	Improved understanding of concept	September 2003	Departmental Management Committee
Compile a provincial developmental local government policy and programmes	A coherent provincial policy and framework for departmental programmes	R 230 000	1 provincial policy and framework	Improved understanding of concept	March 2004	Departmental Management Committee

Continue training course in developmental local government	A training course in line with departmental strategy on developmental local government	R 50 000	1 Training Course	Improved implementation of developmental local government	March 2004	Departmental Management Committee
To promote the alignment of provincial budgets, projects, programmes and priorities with IDP's	Established process to align municipal IDP's and provincial budgets	Personnel and administration costs	Number of aligned provincial budgets	Improved financial efficiency and service delivery	March 2004	IDP assessment Committee and Departmental Management Committee
To assist municipalities with the reviewing of IDP's	Reviewed and improved IDP's	Personnel and administration costs	Number of reviewed IDP's	Improved IDP implementation	March 2004	IDP assessment Committee and Departmental Management Committee
To adjust current programmes in terms of new Departmental strategy	Adjusted programmes	Personnel and administration costs	Number of adjusted programmes	Improved service delivery to local government	September 2003	Departmental Management Committee
Co-ordinate the URP	Participating provincial departments in the URP	R 50 000	Number of provincial departments participating	Improved implementation of the programme	March 2004	Urban renewal Forum and Departmental Management Committee
	Provincial policy framework	R 50 000	1 policy framework			

Co-ordinate the ISRDP	Participating provincial departments in the ISRDP	R 50 000	Number of provincial departments participating	Improved implementation of the programme	March 2004	IDTT and Departmental Management Committee
	Provincial policy framework	R 50 000	1 policy framework			
Promote paradigm shift from hardcore service delivery towards creating an enabling environment for sustainable development	Information sessions/ workshops to promote and achieve paradigm shifts Municipal economic development profiles	Personnel and administration costs	Number of information sessions/ workshops to promote and achieve paradigm shifts Number of municipal economic development profiles drafted	Enhancement of enabling environment	March 2004	Departmental Management Committee
Co-ordinate municipal training initiatives	A menu of training programmes based on analysed needs	R 50 000	Needs analysis of training needs	More efficient and capacitated municipal staff	June 2003	Technical Training Committee and Departmental Management Committee
	An inaugural municipal executive programme	R 350 000	1 municipal executive programme		July 2003	
	An inaugural training programme for woman managers	R 100 000	1 training programme for women		August 2003	

	<p>A repeat of the training course for municipal managers</p> <p>An inaugural middle management training course</p> <p>External bursary for one qualifying candidate</p>	<p>R 60 000</p> <p>R 200 000</p> <p>R50 000</p>	<p>managers</p> <p>1 Training course</p> <p>1 Training course</p>		<p>December 2003</p> <p>March 2004</p>	
<p>Facilitate the development of Provincial KPI's for municipal performance management system</p>	<p>Provincial KPI's for municipal performance</p> <p>A proposed guideline for a reporting format by municipalities</p> <p>A format for reporting by the department</p> <p>Timeous annual report to provincial legislature and national Minister</p> <p>A consolidated, relevant and subject specific data base</p>	<p>Personnel and administration costs</p>	<p>Number of KPI's develop</p> <p>1 guideline document</p> <p>1 format for reporting</p> <p>Annual report to legislature</p> <p>1 data base</p>	<p>Improved performance and reporting</p>	<p>June 2003</p> <p>July 2003</p> <p>August 2003</p> <p>December 2003</p> <p>Continuous</p>	<p>IDP Assessment Committee</p> <p>PAF and PAFTECH</p> <p>National Department of Provincial and Local Government Provincial legislature and NCOP</p> <p>Departmental Management Committee</p>

Develop framework for municipal capacity building	A framework reflecting principles, KPI's and programmes	Personnel and administration costs	1 Framework	Improved municipal capacity	March 2004	Departmental management Committee
Maintain and promote and refine the functioning of existing intergovernmental fora, i.e. Provincial Advisory Forum (PAF), PAF Technical and District Advisory Forum	Robust attendance of and participation in existing fora	Personnel and administration costs	Number of role-players attending and participating	Improved functioning of the forums	March 2004	PAF, PAFTECH, Departmental Management Committee and Ministry
Facilitate refining of provincial strategies re. IDP's, Economic development and spatial development	Accessed and adjusted strategies	Personnel and administration costs	Number of strategies accessed and/or adjusted	Improvement of provincial strategies	March 2004	IDP assessment Committee Departmental Management Committee and
To conclude the final transformation phase	Adjusted functions	Personnel and administration costs	Number of adjusted functions	Improved service delivery	March 2004	Municipal Demarcation Board and Departmental Management Committee

Programme 3: Developmental local government						
Sub programme 3.2: Valuations						
Aim: To comply, monitor compliance by municipalities, of present property taxation legislation and to respond to representations on municipal taxation from ratepayers and municipalities						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To comply with the present municipal property taxation prescripts	List of provincial compliance responsibilities and validation of compliance	Personnel and administration costs	1 List	Improved compliance	March 2004	Reports of the Auditor-general and quarterly returns
Monitor quality and compliance with present municipal property taxation	Complying municipalities	Personnel and administration costs	Number of municipalities complying Number of representations responded to	Improved monitoring and compliance Improved response	Continuous	Reports of the Auditor-general and quarterly returns
To facilitate the implementation of the proposed new Act on property taxation	A presentation based on analysis Presentation Workshops and information sessions	Personnel and administration costs	1 presentation Number of workshops and information sessions	Smooth implementation	March 2004	Departmental management Committee

Monitor quality and compliance with proposed new municipal property taxation	Complying municipalities	Personnel and administration costs	Number of municipalities complying	Improved monitoring and compliance	Continuous	Reports of the Auditor-general and quarterly returns
Programme 3: Developmental local government						
Sub programme 3.4: Community focused matters						
Aim: To research matters emanating from the departmental strategic plan and to co-ordinate and drive specific community focused matters						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To research matters emanating from the departmental strategic plan	Research results	Personnel and administration costs	Number of research projects identified/ completed	Useful research results	March 2004	Departmental management Committee
To co-ordinate the Local Economic Development (LED) programmes	Synergy of purpose Monitored LED projects	Personnel and administration costs	Number of programmes with synergy of purpose 2 visits per project	Improved economic situation	March 2004	Departmental management Committee
Support municipalities with public participation	A guideline on public participation Assistance to identified municipalities	Personnel and administration costs	1 Guideline document 5 municipalities assisted	Improved public participation	March 2004	Departmental management Committee
To co-ordinate and drive specific community focused matters	Co-ordinated and managed projects	Personnel and administration costs	Number of projects	Improved co-ordination	March 2004	Departmental management Committee

Programme 4: Local government monitoring and support						
Sub programme 4.1: Evaluation and assistance						
Aim: To monitor the viability of municipalities and to implement support programmes						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To monitor municipal sustainability and viability	An monitoring tool A maintained data base based on focused specific topics based on information supplied by the monitoring tool	R 200 000	1 Monitoring tool Maintained data base	Improved monitoring and reporting	March 2004	Reports to Head of Department and Minister for Local Government Reports of the Auditor-general and quarterly returns
To monitor the implementation of free basic services	Six monthly report	Personnel and administration costs	2 Six monthly reports	Improved service delivery to indigents	October 2003 and March 2004	Reports to Head of Department and Minister for Local Government Reports of the Auditor-general and quarterly returns
To assist municipalities by developing a free basic services policy as guidelines	A guideline on the implementation of free basic services	R 200 000	Guideline document	Improved service delivery to indigents and more sustainable implementation of free basic services	January 2003	Reports to Head of Department and Minister for Local Government

Co-ordinate the implementation of management support programmes	Approved provincial business plan	Personnel and administration costs	1 Business plan	Improved cash flow and service delivery of municipality	April 2003	Municipal Steering Committees and Provincial Steering Committee
	Management support programmes	R15 100 000 (National Conditional Grant)	8 management support programmes		October 2003	Monthly and quarterly progress reports to national Department of Provincial and Local Government
	Functioning municipal steering committees		8 municipal steering committees		November 2003	
	Functioning provincial steering committee		1 Provincial steering committee		June 2003, September 2003, November 2003, March 2004	
Develop a provincial approach in respect of determination of sustainability of new services/ projects by municipalities	Municipalities utilising long term financial planning tool	Personnel and administration costs	Number of municipalities utilising long term financial planning tool	The extent to which councils utilises the tool	Continuous	Quarterly reporting through Project viability
	Municipalities assisted with Municipal service partnerships		Number of municipalities assisted		Continuous	
	A position paper on municipal service partnerships	R 50 000	Position paper		September 2003	

Programme 4: Local Government monitoring and support						
Sub programme 4.2: Infrastructure capacitation						
Aim: To support municipalities with the implementation and maintenance of infrastructure projects						
Measurable Objectives	Output	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
To develop and execute CMIP capacity building initiatives	Capacitated provincial and municipal officials	R 5 614 000 (National conditional grant)	Number of capacitated provincial and municipal officials	Successfully executed projects and maintained municipal assets	Continuous	Monthly and quarterly reports to HOD, Ministry and national
To provide support to municipalities in respect of project preparation	Business and master plans	R 350 000	Number of municipal business plans	Improved business and master plans to enhance, performance in construction and expenditure	Continuous	Departmental management Committee

Programme 5: Co-operative governance						
Subprogramme 5.1: Facilitation services						
Aim: To promote excellent co-operative governance						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost 2003/04	Quantity	Quality	Timelines	
Shape/focus on provincial strategy re local government	Provincial summit A coherent provincial local government strategy	R 150 000	1 summit Strategy	Uniformity of approach by provincial departments vis a vis municipalities	July/August 2003	Departmental management Committee
Initiate a structure for regular political and technical interaction with the City of Cape Town	Functioning structure	R 10 000	1 functioning structure	Synergy in City and provincial planning and budgeting ("Die Kaap wat groei")	August/September 2003	Departmental management Committee
Co-ordinate provincial departmental participation in inter-governmental forums	Participating departments	Personnel and administration costs	Number of departments participating	Extent to which participation takes place	Continuous	Departmental management Committee
Arrange annual joint conference with all three spheres of government	Successful annual conference	R 100 000	1 conference	Extent to which conference is attended	October 2003	Departmental management Committee

Establish and promote the Department as principle provincial liaison structure in relation to intergovernmental relations with local government	Department established as principle liaison structure in respect of intergovernmental relations with local government	Personnel and administration costs	N/A	The extent to which the Department fulfil its liaison function	Continuous	Departmental management Committee
Define role definition and co-operation protocol with WECLOGA	A mutually accepted protocol	R 10 000	1 Protocol	Extent tot which protocol is adhered to	July/ August 2003	Departmental management Committee and Ministry
Initiate protocol for local government relations between provinces	A mutually accepted protocol	R 20 000	1 Protocol	Extent tot which protocol is used	October 2003	Departmental Management Committee
Develop framework for more for a more structured, regular and vigorous interaction with the Exco of WECLOGA	A mutually accepted framework Interaction contacts	R 10 000	1 framework Number of interaction contacts	Extent to which interaction adds value to relationships	March 2004	Departmental Management Committee

Develop a scheduled programme of interaction, information sharing and capacity building with the Standing Committee of Local Government Affairs	A scheduled programme for interaction Information sessions Capacity building workshops	Personnel and administration costs	1 Scheduled programme Number of information sessions Number of capacity building workshops	Extent to which value is added to the relationship between the Department and the Standing Committee	March 2004	Departmental management Committee
Develop protocol for co-operation between and in support of district and local mayors	A mutually accepted protocol Relaxed relationship between district and local mayors	R 10 000	1 Protocol	Extent to which protocol is used and adhered to	April	PAF, PAFTECH Departmental management Committee and Ministry
Facilitate a political protocol on the support of development	An accepted protocol within which development can be facilitated	Personnel and administration costs	1 Protocol	Extent to which adherence to protocol stimulates development	May 2004	Departmental management Committee and Ministry

Programme 6: Disaster Management						
Sub programme 6.1: Prevention, mitigation, preparedness and reconstruction						
Aim: To create an effective disaster management system for the Province and support and promote the development of an acceptable fire brigade service						
Measurable Objectives	Outputs	Performance measures				System used to monitor progress
		Cost	Quantity	Quality	Timelines	
Create an effective provincial disaster management capability	Compliance with legislative prescripts Functioning and effective structures	Personnel and administration costs	Level of compliance with legislative prescripts Level of functioning and effectiveness of present structures	Improved compliance and effectiveness	March 2004	Disaster Management Advisory Forum and Departmental management Committee
Establish contractual service delivery interface with municipalities in respect of disaster management	Services delivery agreements	Personnel and administration costs	Number of agreements concluded	Improved service delivery	March 2004	Disaster Management Advisory Forum and Departmental management Committee
Facilitate provincial-wide co-operation in the field of disaster management	Co-operation in the field of disaster management	Personnel and administration costs	Level of co-operation in the field of disaster management	Improved co-operation in disaster management	March 2004	Disaster Management Advisory Forum and Departmental management Committee

Monitor and promote the development of an acceptable fire brigade service	Annual report on state of fire brigade services Adjustment of fire fighting function between district and local municipalities	Personnel and administration costs	Annual report Number of adjustments	Improved monitoring Improved fire fighting service	March 2004 September 2003	Category of authorized persons Municipal Demarcation Board
Facilitate contractual service delivery interface amongst municipalities in respect of fire brigade services where applicable	Contractual service delivery agreements	Personnel and administration costs	Number of agreements concluded	Improved service delivery	March 2004	Provincial Fire Brigade Advisory Forum and Departmental management Committee
Facilitate provincial-wide co-operation in the field of fire brigade services	Established and co-ordinated Provincial Fire Brigade Advisory Forum	Personnel and administration costs	Number of meetings	Improved co-operation	March 2004	Provincial Fire Brigade Advisory Forum and Departmental management Committee
Foster provincial relations with the Institutes of disaster management and fire brigades	Membership of and participation in Institute's activities	Personnel and administration costs	Number of members	Improved staff capacity	March 2004	Disaster Management Institute of southern Africa South African Emergency Services Institute Fire Protection Association

11. Medium-term revenues

11.1 SUMMARY OF REVENUE:

R 000	2000/01 Actual	2001/02 Actual	2002/03 Estimate	2003/04 VOTED	2004/05 MTEF	2005/06 MTEF
Equitable share	13 742	18 517	26 054	39 826	40 878	42 980
Conditional grants	6 216	11 062	39 053	24 021	22 810	3 738
Other	0	0	4	6	13	0
Total revenue	19 958	29 579	65 111	63 853	63 701	46 718

11.2 Departmental revenue collection:

R 000	2000/01 Actual	2001/02 Actual	2002/03 Estimate	2003/04 VOTED	2004/05 MTEF	2005/06 MTEF
Current revenue						
Tax revenues						
Non-tax revenue						
Capital revenue						
Other revenue (Parking)			4	6	13	
Departmental revenue			4	6	13	

11.3 Conditional grants

The department receives two conditional grants, the Local Government Capacity Building Fund Grant and the Consolidated Municipal Infrastructure Programme Grant from the national Department of Provincial and Local Government. The Local Government Capacity Building Fund Grant is now a partly consolidated grant and includes the former local government support grant as well as the CMIP capacity building portion, which previously formed part of the CMIP grant. The CMIP grant, now on its own, is to cover the administrative costs of the Department relating to the management of the CMIP. The Local Government Capacity Building Fund Grant must be utilised to implement management support programmes at identified municipalities and to initiate training programmes with regard to CMIP infrastructure. For both these grants the Department must submit business plans to the national Department of Provincial and Local Government.

11.4 Co-ordination, co-operation and outsourcing plans

11.4.1 Interdepartmental linkages

Department are delivering programmes on behalf of the national Department of Provincial and Local Government, some in relation to schedule 5 grants (in terms of the Division of Revenue Act); including the local government capacity building fund grant, CMIP and LED funds, as well as other programmes such as URP and ISRDP.

The Department has links with every Provincial Department in relation to their municipal interface. Particularly strong links exist in relation to those departments that have agency/contractual service relationships with local government. The Department leads a tri-lateral task team towards regularizing and resolving service relations with municipalities.

The Department also co-ordinated the IDP interface between Provincial Departments and Municipalities and leads a multi-Departmental team in IDP reviews.

No direct financial linkages do however exist, with the notable exception of cooperation between the Provincial Treasury and the Department in relation to the monitoring of Municipal Finances.

11.4.2 Local Government linkages

11.4.2.1 City of Cape Town

A key element of this Plan is the establishment of a formal and regular interface with the City of Cape Town to strengthen the current technical and political measures already in place. The key financial link over and above the distribution support of scheduled grants relates to the resolution of payment for and finalizing of contracts for the rendering of services on behalf of the Province by municipalities

11.4.2.2 District and Local Municipalities

Through notices in terms of the Municipal Structures Act a series of structures has been created at both a district level for inter-municipal coordination and provincial level for regular inter-governmental contact with municipalities. These structures are mirrored by technical committees that function in support. These structures are respectively called District Advisory Forums (DAF) and the Provincial Advisory Forum (PAF). The key financial link over and above the distribution support of scheduled grants relates to the resolution of payment for and finalizing of contracts for the rendering of services on behalf of the Province by municipalities

11.5 Public entities

None

11.6 Public, private partnerships

None

11.7 Strategies to address audit queries

Audit queries are addressed within 14 days of receipt.

11.8 Implementation of PFMA

A Chief Financial Officer (CFO) for the Department will be appointed as soon as possible, but currently the CFO of the Department of Housing is rendering a agency service to assist the Accounting Officer in his responsibilities as set out in part 2 of Chapter 5 of the PFMA.

PART C: BACKGROUND INFORMATION

C1 Evaluation of current implementation performance

The **transformation of local government** as provided for in National legislation formed a large part of the agenda during 2002/03. The department played 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

Developmental Local Government was promoted through a training programme which was developed and presented with the co-operation of the School of Public and Development Management at the University of Stellenbosch. Thirty five officials of municipalities attended this programme. The use of the main tool for developmental local government, namely the Integrated Development Plan (IDP), was promoted through continued technical and financial support. All IDP's were completed, and this placed the Western Cape in the forefront as far as performance in this field goes.

Co-ordination of the Integrated Sustainable Rural Development Programme (ISRDP) (Central Karoo as node) and the **Urban Renewal Programme (URP)**, with Khayelitsha and Mitchell's' Plain as nodes, on behalf of the national Department of Provincial and Local Government, became the responsibility of this department as mandated by Cabinet. A new political champion for these endeavours in the Province; the new Premier, also came on board during the year. The ISRDP node kicked off with 16 anchor projects funded to the tune of R42,9 million. During July, two anchor projects were identified for the URP nodes, namely the development of the Central Business Districts of Khayelitsha and Mitchell's' Plain respectively.

A **training initiative** for senior municipal officials with regard to administrative law, project management and diversity management in co-operation with the Cape Administrative Academy turned out to be a huge success. Twenty eight officials attended this course. Other training initiatives focused on provision of infrastructure and financial management.

The long standing dilemma with the **future of Karatara** and environs received a lot of attention and a deal was brokered by the department whereby Knysna municipality took responsibility for service delivery. This augers well for the future.

The **viability of municipalities** was monitored on an ongoing basis and four reports were submitted to the Minister of Local Government. Eleven management support programmes were implemented at municipalities in distress; with very positive results.

In the interest of **legislative clarity** at both the provincial and local spheres of government, and to give full effect to the constitutional mandate of the Province, the basis for provincial legislation has been laid by way of comprehensive constitutional research by constitutional experts. The Determination of Types of Municipalities Act, 2000 was amended by the Provincial Legislature so as to include the executive mayoral system. A potential crisis with the possible invalidity of the Western Cape Valuation Ordinance, 1993, was averted through co-operation with the City of Cape Town and the national Department and the subsequent amendment of the Local Government Municipal Structures Act; 1998. Inputs were made towards various drafts of national legislation not only in writing but also by means of active participation in the relevant provincial and national portfolio committees.

On **disaster management** the Universities of the Free State and Cape Town were appointed to do a risk and vulnerability assessment in the Province to identify high risk areas. Financial support to the value of R1,7 million was given to the City of Cape Town for the period from December 2002 to March 2003 to keep a fire fighting helicopter on standby during the summer.

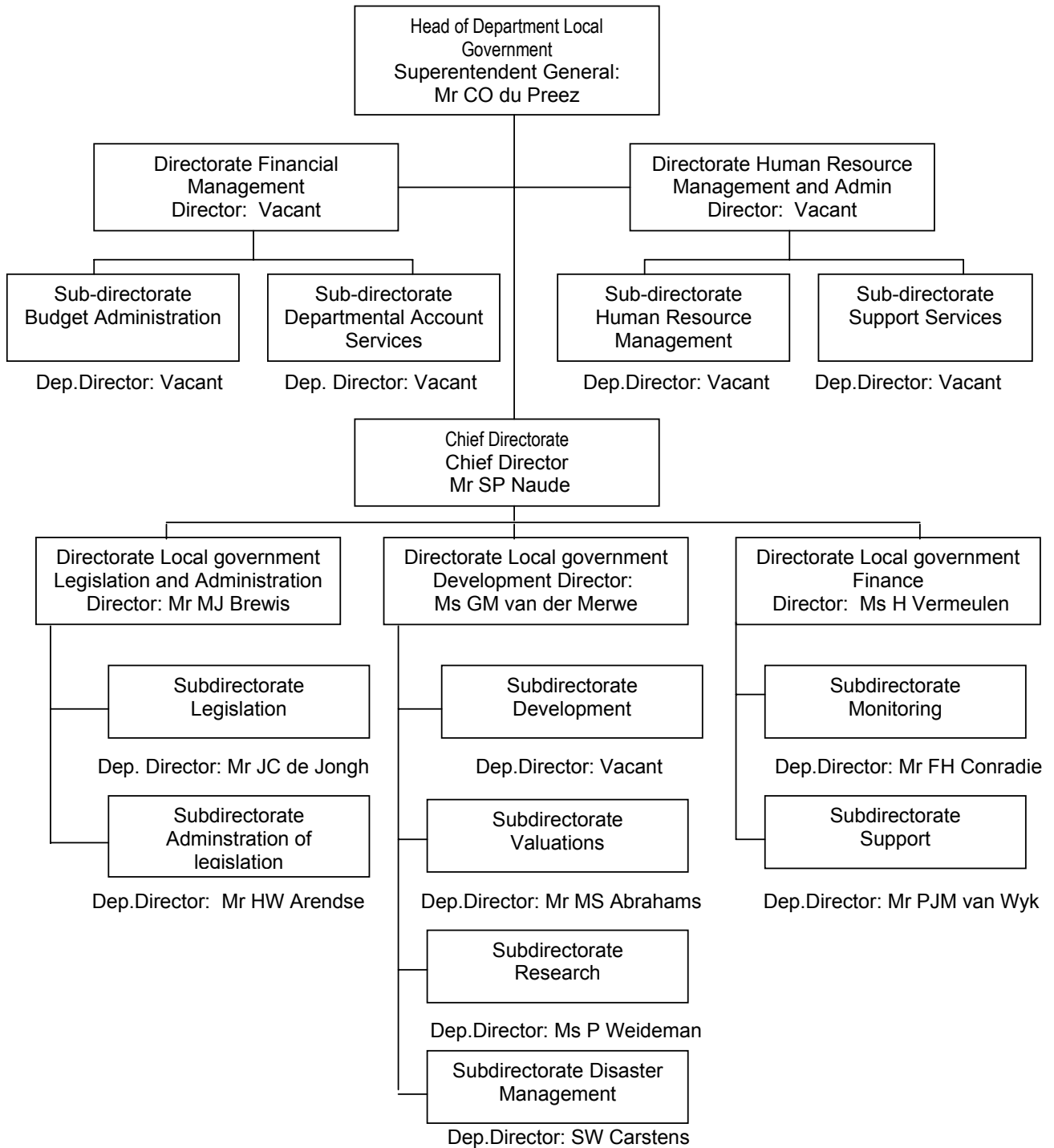
A computer based management support system has been developed and rolled out at all municipalities to enhance disaster management in the field. In addition, financial support was provided to four municipalities to finance nine fire-fighting trolleys for informal settlements as part of a co-operation agreement with a municipality in Bavaria, Germany. This is a pilot to test the viability of this type of approach.

The **Consolidated Municipal Infrastructure Programme (CMIP)** was implemented with great success in the year under review. A total amount of R134 million will have been utilised up to 31 March 2003. Counter funding to the value of R52 million by municipalities represents the highest figure achieved by any province in the country.

C2 Organisational information and the institutional environment

The Department is in a state of flux and will only be stabilised as soon as its organisational structure based on its strategic plan is finalised and appropriately filled with officials who have the required skills. In the meanwhile the organisational design as set out below in C2.1 will be the crutch through this interim period.

C2.1 Organisational design



C2.2 Delegations

All delegations are in place and are on record. These delegations relate to:-

- (1) Finance;
- (2) Human Resource Management;
- (3) Procurement;

Monitoring and management of delegations are done by the Chief Financial Officer, Internal as well as External Auditors.

C2.3 Capital investment, maintenance and asset management

N/A

C2.3.1 Capital investment plan

N/A

C2.4 IT systems

Acquisition of information technology

All computer systems and management information systems that enable the department to monitor and fulfil its core functions are taken up in the Master Systems Plan (MSP) of the previous Department. This MSP is updated regularly taking into account changes in need, budgetary constraints, changing environment, etc. This plan was compiled and is adjusted in collaboration with the Chief Directorate: Information Technology (Department of Provincial Administration) and approved by the Central Information Technology Committee (CITCOM).

Expansion of information technology

Any expansion of the computer systems and management information systems is done in collaboration with the Chief Directorate: Information Technology (Department of Provincial Administration) and approved by CITCOM.

C2.5 Performance management system

The department applies the Staff Performance Management System for all staff including Senior Management Service (SMS) members as developed by the Department of Public Service Administration (DPSA) and adapted by the Provincial Government Western Cape (PGWC).

The system is based on a performance appraisal having pre-set and agreed objectives and outcomes. The system makes provision for four appraisal interviews per year and an incentive scheme based on prescribed guidelines.

C2.6 Financial management

All staff members were introduced to the new financial legislation by means of information sessions by the Provincial Treasury, applicable documentation and training sessions in order to ensure that they have a background knowledge of the norms and standards of the Public Finance Management Act (PFMA), the National Treasury Regulations (NTR's) and the Provincial Treasury Instructions (PTI's). All newly appointed staff will, in future, also undergo similar training and personnel will also be nominated for courses presented by the Provincial Treasury. Structured departmental information sessions were also introduced in the middle of the financial year.

The Chief Financial Officer (CFO) of the Department of Housing currently assist the Accounting Officer in his responsibilities as set out in part 2 of Chapter 5 of the PFMA.

Regular reporting is done to the Provincial Treasury to ensure that the Department is on track with the implementation of the PFMA. The centralised Internal Audit Component of the Provincial Administration also monitors the implementation of the PFMA in the Department.

Financial delegations in terms of part 3 of Chapter 5 of the PFMA, as well as in terms of the new NTR's (9 April 2001) and PTI's were updated and issued during the financial year.

Financial processes and procedures in respect of the Treasury Instructions and the Exchequer Act have been adapted and issued in terms of the PFMA, NTR's and PTI's. As the need arises, new procedures are developed and issued in terms of the new legislation/regulations.

An amended Fraud Prevention Plan was implemented on 30 June 2001 in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) (as amended) and has as objective that:

- (a) the policies, procedures, rules, regulations and other government prescripts, including human resources policies be strictly adhered to;
- (b) the disciplinary code and procedures be applied and supervisors be trained in the application of the process thereof;
- (c) the prescribed internal control measures within policies, procedures, rules, regulations and other official prescripts be applied and adhered to;

- (d) a risk management plan be implemented in liaison with the Internal Audit Unit of Provincial Administration: Western Cape;
- (e) structured programme of ongoing risk assessment be introduced and maintained;
- (f) a Fraud Prevention Committee be established with terms of reference as set out in appendix 4 of the Plan;
- (g) the code of ethics and business conducts, as well as the Code of Conduct for the Public Service be respected and applied by all officials;
- (h) the Fraud Policy and Response Plan be supported and adhered to and that officials foster a culture of zero tolerance to corruption, fraud, theft and mal-administration by all individuals;
- (i) record be kept in respect of all allegations of fraud, as well as losses or damages suffered through criminal or possible criminal acts or omissions. In this regard officials were made aware of the Fraud Line 080-122-6545;
- (j) physical security be tightened. Officials again be made aware of the Search Policy;
- (k) an awareness campaign be lodged, firstly by means of educational workshops and secondly by the use of posters, and
- (l) ongoing maintenance and review of the Plan be done.

The Plan was developed by the Internal Audit component of the Province.

C2.7 Internal audit

Legal requirements

The Public Finance Management Act, 1999, was implemented with effect from 1st of April 2000, and Section 38 (1) (a) requires accounting officers to "... ensure an effective, efficient and transparent system of financial and risk management and internal control, as well as a system of internal audit under the control and direction of an audit committee....".

Treasury Instruction 3.1.11 (a) requires the audit committee to evaluate the financial statements of the department for reasonability and accuracy, and to report on the effectiveness of internal controls of the department.

Management responsibility

The accounting officer is responsible for guiding departmental strategy, major plans of action, risk policies, annual budgets and business plans, monitoring departmental performance and establishing best management practices.

Audit Committee responsibility

The Provincial Administration of the Western Cape has a centralized Audit Committee and internal audit component. The Audit Committee has adopted a written charter that sets out the scope of their activities and authorities. During the first year of implementation the audit committee have addressed their responsibilities in terms of the charter.

The activities of the Internal Audit component are mandated, although it is not adequately resourced to audit all the high-risk areas in the department.

The work performed by the internal audit component, which complies with the requirements of the Institute of Internal Auditors to audit both the adequacy and effectiveness of internal controls.

Risk management and internal control mechanisms

The control framework is designed to provide reasonable assurance regarding the achievement of departmental objectives in the following categories:

- The maintenance of proper accounting records and the reliability of financial information used within the department;
- Compliance with applicable laws, regulations and codes of conduct;
- The detection and minimization of significant risks associated with fraud, potential liability and loss, including the safeguarding of assets;
- Managing potential conflicts of interest of management; and
- The effectiveness of operations. The key internal control procedures could be summarized as follows:

Risk management

A risk model was prepared for the department indicating high-level risks that will impact on achieving objectives. Further developments included the breakdown of the risk model onto processes of corporate

governance, risk management and control. The process level risk model will be completed during the new financial year.

Information and communication

The department has a comprehensive process of annual budgets and detailed monthly reporting. The accounting officer and his management team review the annual budget and actual expenses on a continuous basis.

Monitoring processes

The system of internal control is continually monitored and where necessary modified. The departments systems are designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorisation. Monitoring processes include management review and testing by internal auditors. Testing of financial transactions are performed by the external auditors.

Compliance

The department maintains a system of compliance auditing with relevant laws, regulations and policies, and with the code of conduct. A fraud prevention plan was developed and implemented during the 2001/02 financial year. The internal auditors assess the effectiveness of internal controls independently and recommend improvements.

Overall effectiveness

The effectiveness of internal control systems within the department is subject to inherent limitations, including the possibility of human error and deliberate overriding controls. It is thus recognised that internal control systems can only provide reasonable assurance against any material misstatement and loss.

Management maintains adequate accounting records, although effective management information is not consistently available to ensure the achievement of objectives. Management continues to maintain systems of internal control through a regular and pro-active process of auditing and correction.

C2.8 Implementation of PFMA

ACTION PLAN FOR THE IMPLEMENTATION OF THE PUBLIC FINANCE MANAGEMENT ACT, 1999

Key performance measure (KPM): Compliance with norms and standards

TEN (10) IMMEDIATE STEPS

- (1) Establish effective support structures for the CFO as soon as possible.
- (2) In-year management, monitoring and reporting
- (3) Completing departmental implementation plans.
- (4) Compliance with existing internal controls (National Treasury Regulations, Provincial Treasury Directives and Departmental Finance Instructions).
- (5) Improve planning and control of transfers.
- (6) Control suspense accounts.
- (7) Delegations of responsibilities to relevant officials and train them on the delegations.
- (8) Clear up audit queries.
- (9) Finalise financial statements by 31 May 2003 for 2002/2003 financial year.
- (10) Ensure oversight over Public Entities as prescribed by the PFMA, 1999.

APPENDIX A

Glossary of acronyms

IDP	Integrated Development Planning
LED	Local Economic Development
URP	Urban Renewal Program
ISRDP	Integrated Sustainable Rural Development Program
MSP	Management Support Programme
CMIP	Consolidated Municipal Infrastructure Programme
IGR	Intergovernmental Relations
PGWC	Provincial Government Western Cape
DLG	Department of Local Government
DPLG	Department of Provincial and Local Government
MIG	Municipal Infrastructure Grant
PAF	Provincial Advisory Forum
PAFTECH	Provincial Advisory Forum Technical Committee
DAF	District Advisory Forum