



# Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo leNtshona Koloni

## COMMITTEE REPORT

Report of the Standing Committee on Local Government on the Annual Report of the Department of Local Government for the 2022/23 financial year.

The Standing Committee on Local Government, having deliberated on the Annual Report of the Department of Local Government for the 2022/23 financial year, reports as follows:

### 1. Introduction

The Annual Report of the Department of Local Government (the Department) for the financial year ended 31 March 2023 was tabled on 6 September 2023 in accordance with section 65(1)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended.

As part of its oversight function, the Standing Committee on Local Government (the Committee) deliberated on the Annual Report of the Department on 16 October 2023. Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their strategic plans and annual performance plans. In addition, hereto, it accounts for the success of each programme that was implemented.

Standing Rule 111(1)(a) of the Western Cape Provincial Parliament provides standing committees with the mandate to consider departmental annual reports submitted in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999).

The Annual Report Programme for the 2022/23 financial year was advertised in newspapers to invite stakeholders and members of the public to attend and participate in the discussions.

The Committee deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management, after which the Chairperson afforded an opportunity to the public to ask questions to the Department.

The Committee proceeded to engage with the Department by asking questions on Parts A, B and D of the Annual Report. All questions were satisfactorily answered and the Committee was satisfied that the Department achieved its predetermined objectives for the 2022/23 financial year and that it was accurately reported on.

### 2. Overview

The Minister and the Head of Department made introductory remarks highlighting the post-COVID recovery of our economy has been severely threatened by the continuous occurrence of load shedding. This has had disastrous consequences for the economy. The municipal main revenue has come under immense pressure due to the significant decrease in profit margins resulting from electricity and other related services.

The Minister further clarified that he was referring to revenue and not profits, as further research was required to determine the true profitability of municipalities in the electricity and service sectors.

Municipal services should be self-sustainable and gradually reducing the reliance on cost subsidisation of services. However, the impact of load shedding on municipal services, particularly on our water and wastewater treatment plants, was significant. As a department, they faced immense challenges in ensuring a consistent water supply to the taps.

Considering this, the Department initiated partnerships aimed at training and strengthening the capacity at municipalities to mitigate the impact of prolonged loadshedding that impact on the rendering of basic services particularly the 15-year integrated drought and its corresponding response plan.

The Department plays a crucial role regarding energy and it is important to note that water and energy management were not solely within the scope of provincial competencies. The Department actively engaged in citizen interface programs and projects aimed at improving service delivery. These initiatives are crucial in enhancing the overall quality of services provided to the people of the Western Cape.

The Department highlighted the work that they have done in terms of the Integrated Governmental Relations and in particular the Joint District and Metropolitan Approach working together with municipalities to identify catalytic projects and by collaborating to reduce any overlap and duplication that might exist.

### **3. Information requested**

The Committee REQUESTED that the Department provides the Committee with:

- 3.1 A detailed breakdown of the R1,3 billion loss in revenue by municipalities due to the decrease in the sale of electricity;
- 3.2 A report on the different categories of transfer payments indicating whether the funds were spent by 30 June 2023;
- 3.3 The reasons for the delay regarding the expenditure of the funds transferred to Oudtshoorn for the Dyseldorp Thusong Satellite Centre;
- 3.4 The Western Cape Government Integrated Drought and Water Response Plan;
- 3.5 The date when the post of Director: Integrated Development Planning became vacant; and
- 3.6 Detail of their collaboration with Provincial Treasury on MSCOA to ensure the systems are being used appropriately and the staff are being trained appropriately.

### **4. Conclusion**

The Committee congratulated the Department on their performance for the 2022/23 financial year, wherein they achieved 97% of their planned indicators. The Committee further

highlighted that it took note that the Department achieved its tenth consecutive unqualified audit opinion without findings.

The Committee thanked the Department and in particular the Disaster Management and Fire Brigade Services for the role they played to ensure that the people of the Western Cape were safe during the recent storms and wished them well for the upcoming fire season.

The Chairperson thanked the Members of the Committee, the Minister, the Head of Department and all the officials of the Department for their preparation and responses to the questions raised by the Committee.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

**MR I SILEKU, MPP**

**CHAIRPERSON: STANDING COMMITTEE ON LOCAL GOVERNMENT**