

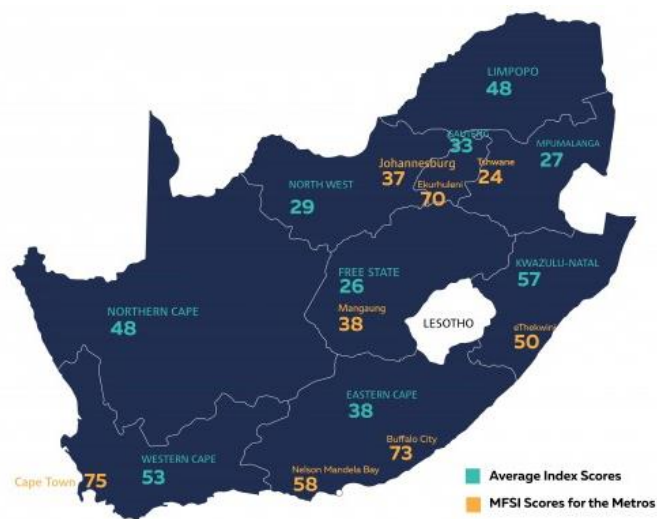
## Water and Sanitation in the News

### 60% of key municipalities in financial trouble – Ratings Afrika

Four months before the countrywide local government elections Ratings Afrika found that service delivery is unlikely to improve as 60% of the country's key municipalities are in financial trouble. The financial sustainability of four of the eight metros is weak and the two metros with the highest household income, Joburg and Tshwane, are in the deepest trouble, Ratings Afrika found.

The weak financial sustainability of local government is detrimental to the South African economy and puts extra strain on government that has to provide financial support, Ratings Afrika says. The agency has analysed the 2014/15 annual financial statements of the 100 biggest municipalities, as it did in each of the four previous financial years.

Measuring each municipality's operating performance, liabilities management, budget practices and liquidity position it compiles a Municipal Financial Stability Index (MFSI), giving each municipality a mark out of 100.



While some municipalities have made good progress, the overall picture has not changed much over the past five financial years, Ratings Afrika found. As a result it questions the soundness of governance processes by councils who are the guardians of public funds as well as the efficiency of oversight by provincial and national treasuries.

Average index scores					
Province	2011	2012	2013	2014	2015
Eastern Cape	53	49	42	38	41
Free State	31	25	27	27	25
Gauteng	29	28	35	34	30
KwaZulu-Natal	54	58	61	59	59
Limpopo	46	47	44	50	43
Mpumalanga	32	33	30	27	30
Northern Cape	41	50	45	49	49
North West	30	30	33	29	26
Western Cape	50	46	50	54	60
<b>National average</b>	<b>43</b>	<b>42</b>	<b>43</b>	<b>43</b>	<b>43</b>

The average score of all 100 municipalities has changed little over the five years and stands at 43, which Ratings Afrika says indicates inadequate financial management practices and discipline.

The worst performing municipalities were found in the Free State (25) and North West (26). Ratings Afrika says these municipalities have huge liquidity shortfalls and are probably commercially insolvent because they cannot sell their infrastructure assets to generate cash. Gauteng (30) and Mpumalanga (30) are not much better off, the agency says.

The Western Cape (60) had the highest score in 2014/15, up from 46 in 2011/12. KwaZulu-Natal scored 59, unchanged from the previous financial year.

Ratings Afrika expressed its concern about the fact that 42 of the 100 municipalities scored less than 35 out of 100. This remained fairly constant over the last five financial years, as did the 60 municipalities below 60. Ratings Afrika says the 60 measured municipalities scoring below 50% are in financial trouble. Due to their financial constraints service delivery is poor, which manifests in increasing service delivery protests...

Source: Moneyweb, 08 April 2016

The **Municipal Assistant™** is a bespoke modular system for use by operational, maintenance and management staff of water and wastewater facilities of Local Municipalities, home owners associations, package plant operators and industrial plant operators; to improve the management and maintenance of water treatment facilities and associated asset infrastructure in order to improve water quality through the entire chain of water and wastewater treatment.

**Municipal Assistant™**

CONTACT US: Tel: +27 (0)21 887 7161

WAMTech are specialists in implementing technology systems for improved governance, focussing on Water and Public Health Information Systems

Visit our websites:

- [www.wamsys.co.za](http://www.wamsys.co.za)
- [www.municipalassistant.co.za](http://www.municipalassistant.co.za)
- [www.ewisa.co.za](http://www.ewisa.co.za)