



# Ratings Afrika

✉ 1018 CRESTA 2118 SOUTH AFRICA ▪ Tel +27 11 478-5438

## **MOSSEL BAY TOP SCORING MUNICIPALITY IN THE WESTERN CAPE**

Governance ratings agency Ratings Afrika has just announced the results of its Municipal Financial Sustainability Index (MFSI™) for the Western Cape municipalities.

The latest results are for the fiscal year ended June 2019. The MFSI™ applies a scoring model to determine the ability of a municipality to develop and maintain the infrastructure necessary to deliver the services required by the residents in its area of jurisdiction without unplanned increases in the rates and tariffs charged, or a reduction in the level of services provided. The municipality should also retain the necessary reserves to absorb financial shocks caused by natural, economic or other disasters, without external financial assistance.

In the analyses of the financial statements and other statistics Ratings Afrika again scored the performance of the municipality in six components, namely the operating performance, liquidity, debt governance or level of borrowings, budget position, affordability and infrastructure development. The scores achieved by Mossel Bay for these components are equal or better than the averages for the Western Cape. More importantly, the overall financial sustainability score of 76 out of 100 achieved by Mossel Bay is the highest in the Western Cape. The score of 76 is well above the average of 60 for the Western Cape municipalities. Mossel Bay has always achieved high marks but this is the first time that it has achieved the highest score in the province. It reflects sound long term development planning, financial management policies and discipline by the leadership of Mossel Bay.

The high score achieved by Mossel Bay Municipality means in practice that it has the financial ability to deliver high levels of services to the people of Mossel Bay. Leon Claassen the analyst at Ratings Afrika furthermore commented that it is encouraging that Mossel Bay has a large reserve to absorb a financial shock such as what the current COVID-19 virus might cause to the local economy.

**23 March 2020**