



Reference: RCS/5.C

TREASURY CIRCULAR MUN NO. 8/2016

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS
THE MAYOR, MATZIKAMA MUNICIPALITY: MR P BOK
THE MAYOR, CEDERBERG MUNICIPALITY: MR J MULLER
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR F SCHIPPERS
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: MR N DE BRUYN
THE MAYOR, WITZENBERG MUNICIPALITY: MR B KLAASEN
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS G VAN DEVENTER
THE MAYOR, STELLENBOSCH MUNICIPALITY: MR CJ SIDEGO
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN
THE MAYOR, LANGEBERG MUNICIPALITY: MS D GAGIANO
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR L DE BRUYN
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR CB PUNT
THE MAYOR, OVERSTRAND MUNICIPALITY: MS N BOTHA-GUTHRIE
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL
THE MAYOR, SWELLENBAM MUNICIPALITY: MR N MYBURGH
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR L ESAU (ACTING)
THE MAYOR, KANNALAND MUNICIPALITY: MR J DONSON
THE MAYOR, HESSEQUA MUNICIPALITY: MS E NEL
THE MAYOR, MOSSEL BAY MUNICIPALITY: MS M FERREIRA
THE MAYOR, GEORGE MUNICIPALITY: MR C STANDERS
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR IV VAN DER WESTHUIZEN
THE MAYOR, BITOU MUNICIPALITY: MR M BOOYSEN
THE MAYOR, KNYSNA MUNICIPALITY: MS J WOLMARANS
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR E NJADU
THE MAYOR, LAINGSBURG MUNICIPALITY: MR W THERON
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR HT PRINCE

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR H PRINS
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR M BOLTON (ACTING)
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV H LINDE
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR L SCHEEPERS
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MR J CARSTENS (ACTING)
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR R BOSMAN (ACTING)
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS (ACTING)
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HSD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL
THE MUNICIPAL MANAGER, SWELLENBAM MUNICIPALITY: MR CM AFRICA
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR M HOOGBAARD
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: DR M GRATZ

THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE (ACTING)
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR G EASTON
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER
THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR M BOLTON
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER
THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS FA DU RAAN-GROENEWALD
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THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON
THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH
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THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR MK BOTHA
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR R ESAU (ACTING)
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR F LÖTTER
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MS P GOBRIE
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR N NORTJE
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING
THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR F SABBAT

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)
THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MALILA)
THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS M KORSTEN)
THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
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THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR Z ZONYANE) (ACTING)
THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

MUNICIPAL BUDGET CIRCULAR FOR THE 2016/17 MTREF

1. PURPOSE

- 1.1 The purpose of this Circular is to brief municipalities on the 2016 Local Government Medium Term Expenditure Committee Process (i.e. LG MTEC) and related matters.

2. BACKGROUND

- 2.1 The Western Cape Provincial Government has institutionalised the 'LG MTEC' process in fulfilment of its obligations under:
 - 2.1.1 Section 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; and
 - 2.1.2 Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA].
- 2.2 The 2016 process will build on the 2015 process in order to strengthen alignment between municipal and provincial planning and budgeting.

3. TOWARD AN INTEGRATED APPROACH

- 3.1 Against the backdrop of a constrained economic and fiscal environment, work has begun to adopt a more coordinated, integrated and strategic approach to planning, budgeting and implementation in the Western Cape Government. This process has been institutionalised under the auspices of the Provincial Strategic Goal (PSG) 5: Integrated Management Work Group (Work Group 4), which seeks to improve service delivery through improved coordination while creating maximum socio-economic impact.
- 3.2 Work Group 4 under the umbrella of PSG 5 leads the process of co-creating Integrated Management across key processes of the Western Cape Government. The responsibilities of the participants can be summarised as follows:
 - Department of the Premier is to ensure strategic policy alignment; and Province-wide Monitoring & Evaluation and Intergovernmental Reporting;
 - Provincial Treasury is to ensure integrated financial governance, planning and budgeting;
 - The Department of Local Government is to facilitate integrated joint planning between the Provincial and Municipal spheres of Government;

- The Department of Environmental Affairs and Development Planning, is responsible for driving spatial governance, alignment and performance management; and
- The Economic Development Partnership (EDP) will facilitate partnerships and partnering for development.

3.3 Coordination efforts between these Departments will take place between spheres of government and within the provincial sphere (vertical and horizontal integration) and include an iterative process of alignment of policy-making, planning and budgeting systems and processes. The principles which will drive Integrated Management include policy consistency; accountability and responsibility; continuous learning, improvement and capacity building all with the objective of broad ownership and coordinated action.

4. **KEY DATES/ PROCESSES**

4.1 Municipalities are advised to take note of the following key dates/processes:

4.1.1 Municipal Budget Day

According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget accompanied by any proposed amendments to the municipality's Integrated Development Plan (IDP) following the annual review of the IDP in terms of section 34 of the Municipal Systems Act, at a council meeting at least 90 days (i.e. by 31 March each year) before the start of the budget year.

Municipalities are kindly requested to indicate any changes to the confirmed tabling dates as per **Appendix A** with the Provincial Treasury as it is crucial for the collection of the budget documentation and the assessment process leading up to the LG MTEC engagements. Municipalities are requested to indicate any changes to the confirmed tabling dates to Tania.Bosser@westerncape.gov.za by **04 March 2016**.

4.1.2 Adoption of Municipal Budgets

According to section 24(1) of the MFMA, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget and any changes to the municipality's IDP. Furthermore, an annual budget must be approved by the municipal council before the start of the budget year in line with section 24(2) of the MFMA.

4.1.3 The 2016 Local Government Elections

The 2016 Local Government Elections are likely to be scheduled between May and August 2016, the exact date is yet to be determined. Although it is each municipal council's prerogative to decide when to approve its annual budget, municipalities are advised to align its budget tabling, consultation and adoption stages so that the annual budget, budget policies and tariffs are approved within the timeframes as set out in section 16, 22, 23 and 24 of the MFMA. Failure to approve the annual budget before the start of the budget year may result in a section 139 intervention in terms of the Constitution.

Municipalities are also cautioned against the tabling of election friendly budgets which may not be credible, affordable or sustainable.

5. **TABLING OF BUDGET DOCUMENTS**

5.1 When an annual budget is tabled in council by the Mayor it must be accompanied by the documents and information as set out in terms of section 17(3)(a-m) of the MFMA:

5.1.1 The draft Budget Documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations [**Version 2.8**], including:

- The main Tables (A1 - A10); and
- The supporting tables (SA1 - SA37).

5.1.2 Draft Budget Resolution.

5.1.3 Any proposed changes to the municipality's draft Integrated Development Plan.

5.1.4 Draft Service Delivery and Budget Implementation Plan (SDBIP).

5.1.5 Draft Service Level Standards.

5.1.6 Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations.

5.2 Municipalities with one or more municipal entity(ies) are also required to produce a **consolidated annual budget** for the parent municipality and all its municipal entities in the prescribed formats.

5.3 The Provincial Treasury has previously requested municipalities to submit a draft SDBIP with the tabling of the annual budgets in order to aid the "responsiveness" assessment of the tabled budget and IDP. In this regard, municipalities are reminded of regulation 14(2) of the MBRR which reads, "When complying with section 68 of the Act (MFMA), the municipal manager must submit the draft municipal service delivery and budget implementation plan to the mayor together

with the annual budget to be considered by the mayor for tabling in terms of section 16(2) of the Act". Furthermore, regulation 14(4) of the MBRR reads, "For effective planning and implementation of the annual budget, the draft service delivery and budget implementation plan may form part of the budget documentation and be tabled in the municipal council if so recommended by the budget steering committee".

6. SUBMISSION OF BUDGET DOCUMENTS

- 6.1 Section 22(b)(i) of the MFMA requires that immediately after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats.
- 6.2 The Western Cape Provincial Treasury requires the budget documents on the tabling date in order to start with the assessment process. In order to facilitate this, the Provincial Treasury will again deploy officials to attend the budget tabling proceedings and collect the tabled budget documentation.
- 6.3 The Chief Financial Officers (or representative) must ensure that a set of these documents is prepared in both hard and electronic copy, except for the budget policies which is only required in electronic copy. The Chief Financial Officer (or representative) needs to co-sign the accompanying checklist (see **Appendix B**) as confirmation that the set of budget documents have been submitted.
- 6.4 **Please ensure that** (as per MFMA Circular 72) **each page of the hard copy of the budget documentation** as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting Tables (SA1 – SA37) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) **has been stamped and signed** by the secretariat responsible for ensuring accurate records of council decisions.

7. LG MTEC ENGAGEMENTS

- 7.1 The LG MTEC engagements are proposed to take place from 14 April 2016 to 11 May 2016. The proposed schedule of the LG MTEC engagements is attached as **Appendix C**.

Municipalities are kindly requested to confirm if the proposed LG MTEC engagement dates are suitable. In setting up the engagement dates we have had to take into account the National Treasury engagement with the City as well as the public holidays over this period. It will be appreciated if you can confirm suitability of the proposed LG MTEC engagement date (together with the tabling date) in writing to Tania.Bosser@westerncape.gov.za by **04 March 2016**. Your

timeous feedback in this regard will greatly assist in finalising logistical arrangements and will be appreciated.

7.2 The assessment of the tabled budget and IDP will be submitted to the municipality 5 working days prior to the engagements.

7.3 The structure of the assessment will be as follows:

SECTION 1: EXECUTIVE SUMMARY

SECTION 2: PREVIOUS UNRESOLVED LG MTEC FINDINGS

SECTION 3: COMPLIANCE REVIEW

SECTION 4: INTEGRATED PLANNING

SECTION 5: ENVIRONMENTAL AND SPATIAL ANALYSIS

SECTION 6: ASSESSMENT OF BUDGET RESPONSIVENESS

SECTION 7: CREDIBILITY AND SUSTAINABILITY

SECTION 8: MAIN POINTS AND RISKS/ RECOMMENDATIONS

7.4 Technical engagements may be set up with the Provincial Government prior to the LG MTEC engagement, depending on the need and where it is logistically possible. It will however be the prerogative of the municipality to make contact with the Provincial Treasury to request such an engagement. Municipalities should note that if such an engagement is requested, it may need to take place at the Provincial offices in Cape Town.

7.5 The discussions at the engagements will be pitched at a strategic level. Hence, the representation at the LG MTEC engagements between the province and municipalities will be as follows:

- The Provincial Government - senior officials from the Provincial Treasury, Department of Local Government, Department of Environmental Affairs and Development Planning and the Department of the Premier. An invitation will also be extended to the Economic Development Partnership to attend the engagements.
- Municipalities - Municipal Manager, section 56 Managers, Budget and Treasury officials, IDP Manager/officials and Planning officials.

7.6 There will be a joint presentation by Provincial Government on key issues for discussion.

7.7 Municipalities will be required to make presentations at the LG MTEC engagements in response to the Provincial Government's budget and IDP assessment. An agenda and guiding template for this presentation will be sent to municipalities prior to the engagements.

8. NATIONAL AND PROVINCIAL TREASURY GUIDELINES

8.1 Municipalities are advised to include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2016/17 MTREF Budget documents and to table it as part of the budget documentation in the Municipal Council.

8.2 Municipalities are advised to consult MFMA Circular 78 and incorporate those guidelines and any other guidelines issued by National and Provincial Treasury in preparing budget documentation for tabling. The following are highlights and explanatory notes from MFMA Circular 78:

8.2.1 The three key focus areas of Circular 78 are the following:

- *The 2016 local government elections;*
- *The financial implications of the demarcation process; and*
- *Changes to the local government grant allocations.*

Highlights and explanatory notes to MFMA Circular 78	Circular section
NOT APPLICABLE TO WESTERN CAPE MUNICIPALITIES	
<p><i>Financial implications of the demarcation process</i></p> <ul style="list-style-type: none"> • There are minimal implications due to small changes in household numbers for a few of the Western Cape municipalities. 	Section 2
NEW ISSUES	
<p><i>2016 Local government elections and the budget process</i></p> <ul style="list-style-type: none"> • The <u>2016 local government elections</u> - Local government elections are likely to be scheduled between May and August 2016, the exact date is yet to be determined. Although it is each municipal council's prerogative to decide when to approve its annual budget, National Treasury proposes that councils consider adopting the approach for their 2016/17 budget process: 	Section 1

Highlights and explanatory notes to MFMA Circular 78	Circular section
<p>Outgoing council approves 2016/17 budget</p> <ol style="list-style-type: none"> 1. Current Mayor prepares a budget schedule that brings the review of the IDP and the tabling of the budget forward to late February or the beginning of March 2016; 2. Community consultations on the annual budget conducted in the remainder of March and early April 2016; 3. Officials complete technical work on annual budget by mid-April 2016; 4. Current council approves annual budget and reviewed IDP before the end of April 2016; and 5. Council implements annual budget from 1 July 2016. <p>Benefits</p> <ul style="list-style-type: none"> • Minimises the risk of being without an approved budget at the start of the financial year; • Ensures continuity of operations; and • Safeguards the financial sustainability of the municipality by ensuring tariff increases are locked in before the start of the financial year. <p>Risks</p> <ul style="list-style-type: none"> • New council may not concur with the priorities set out in the annual budget approved by the outgoing council, and therefore they may be reluctant to be held accountable for the implementation thereof. <p>Mitigating factors</p> <ul style="list-style-type: none"> • New council should note the overlapping year of the last year of the IDP into the first year of new council; and • Note that MFMA section 28(6) does not allow for tariff increases during the financial year of implementation of the adopted budget. <ul style="list-style-type: none"> • Municipalities are advised to align its budget tabling, consultation and adoption stages so that the annual budget, budget policies and tariffs are approved within the timeframes as set out in section 16, 22, 23 and 24 of the MFMA. Failure to approve the annual budget before the start of the budget year may result in a section 139 intervention in terms of the Constitution. • Municipalities are also cautioned against the tabling of election friendly budgets which may not be credible, affordable or sustainable. 	
<p>Municipal Standard Chart of Accounts (mSCOA)</p> <ul style="list-style-type: none"> • The 2016/17 tabled budget must include an annexure containing the municipality's mSCOA project plan and progress to date. 	Section 4.3
<p>Outcomes of the Financial Management Capability Maturity Model (FMCMM)</p> <ul style="list-style-type: none"> • Municipalities are advised to consult the FMCMM reports for the results of the 32 financial ratios contained in the reports. • Any comments on these assessment can submitted to: MFMA@treasury.gov.za 	Section 6.4

Highlights and explanatory notes to MFMA Circular 78	Circular section
<p>Hand-over reports for the newly elected council</p> <ul style="list-style-type: none"> This is an important requirement to ensure a smooth transition from outgoing councils to the new elected councils. The reports should also be submitted to the relevant provincial department, provincial treasuries, the Department of Co-operative Governance (DCOG) and National Treasury. 	Section 6.5
RECURRING ISSUES	
<p>The South African economy and inflation targets</p> <ul style="list-style-type: none"> Given the weaker than anticipated global economic outlook, a conservation approach is advised for projecting revenue. In the 2016 budget, National Treasury has revised its growth forecast downwards to 0.9 per cent for 2016, 1.7 per cent for 2017 and 2.4 per cent for 2018. Inflationary forecasts that should be incorporated for the 2016/17 MTREF budget have been provided. This has also been revised with the national budget with the CPI inflation rate revised to an estimated 4.6 per cent for 2015, and forecasted at 6.8, 6.3 and 5.9 per cent for 2016, 2017 and 2018 respectively. 	Section 3
<p>Local Government conditional grants and additional allocations</p> <ul style="list-style-type: none"> The 2016/17 MTREF allocations became available on national budget day on 24 February. Municipalities are advised to consult the 2016 Division of Revenue Bill to compile the budgets, available from: http://www.treasury.gov.za/legislation/bills/2016/bills2016_bill02-2016.pdf The main changes to the local government allocations include increases in the LGES demarcation transition grant, reclassification of the municipal systems improvement grant, and the extension of the indirect bucket eradication programme. 	Section 4.1
<p>Reporting indicators</p> <ul style="list-style-type: none"> This section is currently only relevant to metropolitan municipalities. In future, these reforms will also be extended to non-metropolitan municipalities to aid in standardising SDBIPs 	Section 4.2
<p>Eskom bulk tariff increases</p> <ul style="list-style-type: none"> A tariff increase of 8 per cent has been approved by NERSA for 2016/17. Eskom has applied to NERSA to compensate for under-recovery of R22.8 billion in 2013/14. The application is under review and a decision is expected by February 2016. Until then, municipalities are advised to base planning on the 8 per cent already approved by NERSA. 	Section 5.1
<p>Water and sanitation increases</p> <ul style="list-style-type: none"> Municipalities should consider the full cost of rendering water and sanitation services when determining tariffs related to these services. To mitigate the need for water tariff increases as a result of the current 	Section 5.2

Highlights and explanatory notes to MFMA Circular 78	Circular section
<p>drought across a large part of the country, municipalities must put in place appropriate strategies to limit water losses to acceptable levels.</p>	
<p>Employee related costs</p> <ul style="list-style-type: none"> • The South African Local Government Bargaining Council entered into a three-year salary and wage collective agreement for period 01 July 2015 to 30 June 2018 where the following agreement was reached: <ul style="list-style-type: none"> - 2015/16 Financial Year – 7 per cent; - 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent; and - 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent. 	Section 6.1
<p>Remuneration of councillors</p> <ul style="list-style-type: none"> • Municipalities are advised to budget for actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance. 	Section 6.2
<p>Service level standards</p> <ul style="list-style-type: none"> • Although this is a recurring issue, very few of the Western Cape municipalities have for the 2015/16 budget, tabled service level standards. • All municipalities are required to submit the service level standards as part of the 2016/17 tabled budget documentation. • A framework was developed as an outline to assist municipalities in finalising their standards. • A link to this framework is available on the NT website, at: http://mfma.treasury.gov.za/Circulars/Documents/Forms/AllItems.aspx?RootFolder=/Circulars/Documents/Circular%2075%20-%202015%20MTREF&FolderCTID=&View={06AB24E7-1C64-4A80-A0FA-273E6A829094} 	Section 6.3
<p>Pledging of conditional grants</p> <ul style="list-style-type: none"> • All conditions for considerations of the conditional grant pledge should be aligned with the provisions of section 46 of the MFMA regarding long term borrowing. • Municipalities are cautioned that pledging will only be approved for projects that have gone through a proper planning process as well as meeting the criteria for pledging as per MFMA Circular 51. 	Section 7.1
<p>Assistance with the compilation of budgets</p> <ul style="list-style-type: none"> • All municipalities should note that version 2.8 of the A schedules should be used when compiling the budget. Version 2.8 contains changes to main schedule A10 and supporting schedules SA1 and SA9 when compared with the previous version (2.7.1). 	Section 8.1

Highlights and explanatory notes to MFMA Circular 78	Circular section
<p>Submitting budget documentation and schedules for 2016/17 MTREF</p> <ul style="list-style-type: none"> Budget documentation must be submitted to NT and PT immediately after tabling, in both hard and electronic formats. NT electronic documents should be submitted to: lgdocuments@treasury.gov.za or if too large (exceeds 4 MB) via lgbigfiles@gmail.com. PT electronic documents should be submitted to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB) must be submitted via the lift server function (http://lift.pgwc.gov.za/). 	Section 9.1
<p>Budget reform returns to the local government database for publication</p> <ul style="list-style-type: none"> Budget reform returns to be submitted to: lgdatabase@treasury.gov.za. Metropolitan municipalities should submit BEPP to: Yasmin.coovadia@treasury.gov.za. 	Section 9.2
<p>Publication of budgets on municipal websites</p> <ul style="list-style-type: none"> In terms of MFMA section 75, the budget documentation must be placed on the municipal website not later than 5 days after its tabling date in council. 	Section 9.3

9. CONCLUSION

The Provincial Government wishes you well with the preparation of your Annual Budget, IDP, SDBIP and related documents and look forward to the LG MTEC engagement with your Municipality.

Please direct any queries regarding this circular to Kim.Engel@westerncape.gov.za.



MR ML BOOYSEN
pp CHIEF DIRECTOR: PUBLIC POLICY SERVICES
DATE: 01 March 2016

CONFIRMED 2016 BUDGET TABLING DATES

Municipality	Confirmed date
City of Cape Town	31 March 2016, Thursday
Matzikama	29 March 2016, Tuesday
Cederberg	29 March 2016, Tuesday
Bergrivier	29 March 2016, Tuesday
Saldanha Bay	23 March 2016, Wednesday
Swartland	31 March 2016, Thursday
West Coast DM	30 March 2016, Wednesday
Witzenberg	30 March 2016, Wednesday
Drakenstein	31 March 2016, Thursday
Stellenbosch	24 March 2016, Thursday
Breede Valley	30 March 2016, Wednesday
Langeberg	29 March 2016, Tuesday
Cape Winelands DM	25 February 2016, Thursday
Theewaterskloof	30 March 2016, Wednesday
Overstrand	30 March 2016, Wednesday
Cape Agulhas	09 March 2016, Wednesday
Swellendam	23 March 2016, Wednesday
Overberg DM	22 February 2016, Monday
Kannaland	23 March 2016, Wednesday
Hessequa	31 March 2016, Thursday
Mossel Bay	17 March 2016, Thursday
George	30 March 2016, Wednesday
Oudtshoorn	31 March 2016, Thursday
Bitou	31 March 2016, Thursday
Knysna	24 March 2016, Thursday
Eden DM	29 March 2016, Tuesday
Laingsburg	31 March 2016, Thursday
Prince Albert	29 March 2016, Tuesday
Beaufort West	31 March 2016, Thursday
Central Karoo DM	31 March 2016, Thursday

**LG MTEC: 2016/17 CHECKLIST
SUBMISSION OF TABLED BUDGET DOCUMENTATION**

MUNICIPALITY: _____

The Budget Document as set out in Schedule A1 of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10), version 2.8 of Schedule A1 (the Excel Formats) and the supporting Tables (SA1 - SA37).

- **Please ensure that** (as per MFMA Circular 72) **each page of the hard copy of the budget documentation** as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting Tables (SA1 – SA37) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) **has been stamped and signed** by the secretariat responsible for ensuring accurate records of council decisions.

The IDP Document as set out in section 26, 32 and 34 of the Local Government: Municipal Systems Act, No 32 of 2000 and Regulations (MSA) and section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents that must be submitted as required in terms of budget circulars.

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Council Resolution in terms of the Budget						
Draft Service Delivery and Budget Implementation Plan						
Draft Service Level Standards						
Signed Quality Certificate as prescribed in the MBRR						
Prescribed Minimum Budget Narrative Information	Stamped and Signed Hard Copy Budget Narrative					
Budget Narrative						
Municipal Budget Tables: Tables A1 to A10	Stamped and Signed Hard Copy A1 – A10					
Table A1: Budget Summary						
Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A2A: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A3A: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A4: Budgeted Financial Performance (revenue and expenditure)						
Table A5: Budgeted Capital Expenditure by vote, standard classification & funding source)						
Table A5A: Budgeted Capital Expenditure by vote, standard classification & funding source)						
Table A6: Budgeted Financial Position						
Table A7: Budgeted Cash Flow						
Table A8: Cash backed reserves/accumulated surplus reconciliation						
Table A9: Asset Management						
Table A10: Basic service delivery measurement						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Municipal Budget Supporting Tables: Supporting Tables SA1 to SA37	Stamped and Signed Hard Copy SA1 – SA37					
SA1: Supporting Detail to Budgeted Financial Performance						
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept.)						
SA3: Supporting detail to Budgeted Financial Position						
SA4: Reconciliation of IDP strategic objectives and budget (revenue)						
SA5: Reconciliation of IDP strategic objectives and budget (operating expenditure)						
SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)						
SA7: Measurable performance objectives						
SA8: Performance Indicators and benchmarks						
SA9: Social, economic and demographic statistics and assumptions						
SA10: Funding measurement						
SA11: Property rates summary						
SA12a: Property rates by category (current year)						
SA12b: Property rates by category (budget year)						
SA13a: Service Tariffs by category						
SA13b: Service Tariffs by category (explanatory)						
SA 14: Household bills						
SA15: Investment particulars by type						
SA16: Investment particulars by type						
SA17: Borrowing						
SA18: Transfers and grant receipts						
SA19: Expenditure on transfers and grant programme						
SA20: Reconciliation of transfers, grant receipts and Unspent funds						
SA21: Transfers and grants made by the municipality						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
SA22: Summary councillor and staff benefits						
SA23: Salaries, allowances and benefits (political office bearers/councillors/senior managers)						
SA24: Summary of personnel numbers						
SA25: Budgeted monthly revenue and expenditure						
SA26: Budgeted monthly revenue and expenditure (municipal vote)						
SA27: Budgeted monthly revenue and expenditure (standard classification)						
SA28: Budgeted monthly capital expenditure (municipal vote)						
SA29: Budgeted monthly capital expenditure (standard classification)						
SA30: Budgeted monthly cash flow						
SA31: Aggregated entity budget (where applicable)						
SA32: List of external mechanisms						
SA33: Contracts having future budgetary Implications						
SA34a: Capital expenditure on new assets by asset class						
SA34b: Capital expenditure on the renewal of existing assets by asset class						
SA34c: Repairs and maintenance expenditure by asset class						
SA34d: Depreciation by assets class						
SA35: Future Financial implications of the capital budget						
SA36: Detail capital budget						
SA37: Projects delayed from previous financial years						
Budget Related Policies						
Information on any amendments to budget related policies						
Suite of budget related policies	<i>(Only soft copies)</i>					

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
IDP Documentation						
Council Resolution in terms of the IDP (optional for tabling of IDP but compulsory for approval of IDP)						
Draft Integrated Development Plan						
Document outlining amendments to the Integrated Development Plan						
Process Plan according to section 32(1)(b) of the MSA read in conjunction with section 21(b) of the MFMA						
Spatial Development Framework						
Status of the SDF and the applicable council resolution number						
Draft or adopted Spatial Development Framework (where applicable)						
Applicable Disaster Management Framework						
Council Resolution in terms of the adoption of the Disaster Management Framework						
Financial Plan						
A financial Plan – including a budget projection of at least the next three years as a core component of the IDP as per section 26 of the MSA						
A statement clarifying compliance with section 34 of the MSA						
Key performance indicators and performance targets determined in terms of section 41 of the MSA						
mSCOA						
mSCOA project plan and progress to date						

MUNICIPAL REPRESENTATIVE

PROVINCIAL REPRESENTATIVE

Name: _____

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

2016 PROPOSED LG MTEC BUDGET & IDP VISITATION SCHEDULE

GROUP 1				GROUP 2			
REGION	MUNICIPALITY	DAY OF VISIT	TIME	REGION	MUNICIPALITY	DAY OF VISIT	TIME
OD	OVERBERG DISTRICT	14 April 2016, Thursday	09H00 - 12H00		NO SCHEDULED ENGAGEMENTS	14 April 2016, Thursday	
OD	CAPE AGULHAS	14 April 2016, Thursday	13H00 - 16H00		NO SCHEDULED ENGAGEMENTS	14 April 2016, Thursday	
	NO SCHEDULED ENGAGEMENTS	15 April 2016, Friday		CWD	CAPE WINELANDS DISTRICT	15 April 2016, Friday	09H00 - 12H00
		16 April 2016, Saturday				16 April 2016, Saturday	
		17 April 2016, Sunday				17 April 2016, Sunday	
CoCT	CITY OF CAPE TOWN	18 April 2016, Monday	08H30 - 11H30		NO SCHEDULED ENGAGEMENTS	18 April 2016, Monday	
	NO SCHEDULED ENGAGEMENTS	18 April 2016, Monday			NO SCHEDULED ENGAGEMENTS	18 April 2016, Monday	
	NO SCHEDULED ENGAGEMENTS	19 April 2016, Tuesday			NO SCHEDULED ENGAGEMENTS	19 April 2016, Tuesday	
	NO SCHEDULED ENGAGEMENTS	19 April 2016, Tuesday			NO SCHEDULED ENGAGEMENTS	19 April 2016, Tuesday	
	CITY - NT ENGAGEMENT	20 April 2016, Wednesday			CITY - NT ENGAGEMENT	20 April 2016, Wednesday	
	CITY - NT ENGAGEMENT	21 April 2016, Thursday			CITY - NT ENGAGEMENT	21 April 2016, Thursday	
	NO SCHEDULED ENGAGEMENTS	22 April 2016, Friday			NO SCHEDULED ENGAGEMENTS	22 April 2016, Friday	
	NO SCHEDULED ENGAGEMENTS	22 April 2016, Friday			NO SCHEDULED ENGAGEMENTS	22 April 2016, Friday	
		23 April 2016, Saturday				23 April 2016, Saturday	
		24 April 2016, Sunday				24 April 2016, Sunday	
CWD	DRAKENSTEIN	25 April 2016, Monday	08H30 - 11H30	CWD	BREEDE VALLEY	25 April 2016, Monday	09H00 - 12H00
CWD	STELLENBOSCH	25 April 2016, Monday	14H00 - 17H00	CWD	LANGEBERG	25 April 2016, Monday	14H00 - 17H00
	NO SCHEDULED ENGAGEMENTS	26 April 2016, Tuesday		CWD	WITZENBERG	26 April 2016, Tuesday	09H30 - 12H30
	NO SCHEDULED ENGAGEMENTS	26 April 2016, Tuesday			NO SCHEDULED ENGAGEMENTS	26 April 2016, Tuesday	
	FREEDOM DAY	27 April 2016, Wednesday			FREEDOM DAY	27 April 2016, Wednesday	
	NO SCHEDULED ENGAGEMENTS	28 April 2016, Thursday			NO SCHEDULED ENGAGEMENTS	28 April 2016, Thursday	
	NO SCHEDULED ENGAGEMENTS	29 April 2016, Friday			NO SCHEDULED ENGAGEMENTS	29 April 2016, Friday	
		30 April 2016, Saturday				30 April 2016, Saturday	
	WORKERS DAY	01 May 2016, Sunday			WORKERS DAY	01 May 2016, Sunday	
	WORKERS DAY OBSERVED	02 May 2016, Monday			WORKERS DAY OBSERVED	02 May 2016, Monday	
ED	HESSEQUA	03 May 2016, Tuesday	11H00 - 14H00	ED	KANNALAND	03 May 2016, Tuesday	11H00 - 14H00
	NO SCHEDULED ENGAGEMENTS	03 May 2016, Tuesday			NO SCHEDULED ENGAGEMENTS	03 May 2016, Tuesday	
ED	BITOU	04 May 2016, Wednesday	08H30 - 11H30	ED	OUTSHOORN	04 May 2016, Wednesday	08H30 - 11H30
ED	KNYSNA	04 May 2016, Wednesday	13H00 - 16H00	CKD	PRINCE ALBERT	04 May 2016, Wednesday	14H00 - 17H00
ED	GEORGE	05 May 2016, Thursday	08H30 - 11H30	CKD	BEAUFORT WEST	05 May 2016, Thursday	10H00 - 13H00
ED	EDEN	05 May 2016, Thursday	13H00 - 16H00	CKD	CENTRAL KAROO DISTRICT	05 May 2016, Thursday	14H00 - 17H00
ED	MOSSEL BAY	06 May 2016, Friday	08H30 - 11H30	CKD	LAINGSBURG	06 May 2016, Friday	10H30 - 13H30
		06 May 2016, Friday				06 May 2016, Friday	
		07 May 2016, Saturday				07 May 2016, Saturday	
		08 May 2016, Sunday				08 May 2016, Sunday	
WCD	SALDANHA BAY	09 May 2016, Monday	09H00 - 12H00	WCD	WEST COAST DISTRICT	09 May 2016, Monday	09h00 - 12h00
WCD	SWARTLAND	09 May 2016, Monday	14H00 - 17H00	WCD	BERGRIVIER	09 May 2016, Monday	14h00 - 17h00
OD	OVERSTRAND	10 May 2016, Tuesday	09H00 - 12H00	WCD	MATZKAMA	10 May 2016, Tuesday	08h30 - 11h30
OD	THEEWATERSKLOOF	10 May 2016, Tuesday	14H00 - 17H00	WCD	CEDERBERG	10 May 2016, Tuesday	13h00 - 16h00
	NO SCHEDULED ENGAGEMENTS	11 May 2016, Wednesday		OD	SWELLENBAM	11 May 2016, Wednesday	10h30 - 13h30
	NO SCHEDULED ENGAGEMENTS				NO SCHEDULED ENGAGEMENTS		