

Reference: RCS/C.5

TREASURY CIRCULAR MUN NO 9/2016

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, SWELLENDAM MUNICIPALITY: MR N MYBURGH
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR V VAN DER WESTHUIZEN
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, 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, SWELLENDAM 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 (PRO TEM)
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
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THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

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THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER
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THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR C KRITZINGER
THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR J CARSTENS
THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M WÜST
THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG (ACTING)
THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR CF HOFFMANN
THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J TESSELAAR
THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR D LOUW
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MS S REYNEKE-NAUDE
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON
THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH
THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK
THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR N DELO
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN
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 F LÖTTER (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

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THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
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THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR H MALILA) (PRO TEM)
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR Z ZONYANE) (ACTING)
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THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

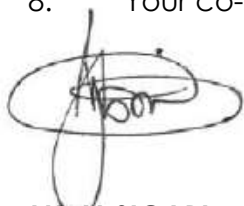
THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

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

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

MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM – MARCH 2016

1. This circular serves to confirm the date and venue of the Chief Financial Officers' Forum.
2. The theme for the upcoming CFO Forum is: **“BUILDING ON FINANCIAL MANAGEMENT IMPROVEMENT PROCESSES TO ENABLE A SUSTAINABLE LOCAL GOVERNMENT”**
3. All municipal Chief Financial Officers (CFOs) are requested to attend the meeting and are welcome to be accompanied by one additional municipal official.
4. The logistics for the Chief Financial Officers' Forum are as follows:
 - Date:** Monday, 14 March 2016
 - Time:** 08:00 – 14:00
 - Venue:** Banqueting Hall at the Overstrand Municipality
 - GPS location:** 34.4167° S, 19.3333° E
5. Attached please find the draft Agenda for your perusal together with the draft minutes of the previous CFO forum meeting which was held on 7 and 8 December 2015.
6. Confirmation of attendance or apologies should reach Provincial Treasury by no later than 11 March 2016.
7. Please direct your communication to:
 - Attention: Mr Peter Petersen
 - Tel: 021 483 9185/6299
 - Fax: 021 483 4411/7356
 - Email: Peter.Petersen3@westerncape.gov.za
8. Your co-operation in this regard will be appreciated.



MR-M SIGABI
ACTING CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE
AND MFMA COORDINATOR

DATE: 7 March 2016



**Western Cape
Government**

Provincial Treasury

DRAFT AGENDA

MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM

DATE: 14 March 2016

VENUE: CIVIC AUDITORIUM AND BANQUETING HALL
OVERSTRAND MUNICIPAL CENTRE
1 HARMONY AVE, HERMANUS

**THEME: BUILDING ON FINANCIAL MANAGEMENT IMPROVEMENT PROCESSES TO
ENABLE A SUSTAINABLE LOCAL GOVERNMENT**

Chairperson: Mr H Malila: DDG – Fiscal and Economic Services Branch
Western Cape Provincial Treasury

Item	Topic		Time
1.	OPENING AND WELCOME	Chairperson	08:30 – 08:34
2.	ATTENDANCE Apologies	Chairperson	08:34 – 8:35
3.	SETTING/APPROVAL OF AGENDA	Chairperson	08:37 – 08:45
4.	CONSIDERATION OF MINUTES OF THE PREVIOUS MEETING: 7 & 8 December 2015	Chairperson	08:45 – 08:50

Item	Topic		Time
5.	NEW MATTERS		
5.1	SESSION 1: 2016/17 MTREF PREPARATIONS - STRENGTHENING OF PLANNING AND BUDGETING PROCESSES TO REALISE FASTER ECONOMIC RECOVERY AND GROWTH		
5.1.1	<p>Towards inclusive, smart and sustainable growth:</p> <ul style="list-style-type: none"> • Overview of the 2016 Western Cape Provincial Budget and its relevance for municipalities. • Integrated Policy, Planning & budgeting process: 2016 LG MTEC 3. • Changes in the Grant System including the impact of the economic decline • Transfer payments to municipalities. • Update on the implementation of SCM reforms to improve infrastructure procurement and delivery management. 	<p>Ms J Gantana/ Ms R Slinger</p> <p>Mr M Booysen</p> <p>Ms T van de Rheede</p> <p>Mr Z Zonyane</p> <p>Mr R Moolman</p>	8:50 – 10:30
MID-MORNING TEA/COFFEE			10:30 – 10:45
5.2	SESSION 2: INSTITUTIONALISING THE IMPROVEMENT OF FINANCIAL MANAGEMENT & GOVERNANCE PRACTICES		10:45 – 12:00
5.2.1	Implementation of mSCOA Regulations – Update on rollout of regulations and Transversal mSCOA Tender.	Mr P Gerrits (National Treasury)	
5.2.2	High level outcomes: 2016 MGRO 2 - "Improving Financial Sustainability within municipalities.	Mr A Hardien	
5.2.3	Case Law & New legislation introduced affecting Local Government.	Mr B Vink	
5.2.4	Revenue Management: Supreme Court of Appeal Judgement: Tshwane versus PJ Mitchell: Section 118 of MSA.	IMFO/DLG	
5.3	SESSION 3: STAKEHOLDER GOVERNANCE INTERFACE		
5.3.1	<p>Agenda items for upcoming and/or Feedback reports from IGR structures and CFO Sub Forums:</p> <ul style="list-style-type: none"> • NT Joint Meeting • SCM Forum • MAF • CRO and CAE Forum • PDO Forum 	<p>Mr M Sigabi</p> <p>Mr R Moolman</p> <p>Mr Z Zonyane</p> <p>Mr B Vink</p> <p>Mr M Booysen</p>	12:00 – 12:45
6.	CONCLUDING REMARKS	Chairperson	12:45 -13:00
LUNCH			13:00 – 14:00

MINUTES OF THE MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM

7 & 8 DECEMBER 2015, SIMOLA HOTEL COUNTRY CLUB & SPA

KNYSNA

***THEME: "INTEGRATED APPROACH TO IMPROVE FINANCIAL GOVERNANCE
FOR INCLUSIVE GROWTH"***

1. OPENING AND WELCOME

The Chairperson, Mr H Malila, opened the meeting and welcomed all present.

2. ATTENDANCE AND APOLOGIES

An attendance register is attached as Annexure A. Apologies received from municipalities were recorded and is listed in Annexure A.

3. OPENING ADDRESS BY THE MAYOR: KNYSNA

Ms G Wolmarans welcomed all attendees on behalf of the Knysna Council to the 2015 CFO Lekgotla in the Eden District. She indicated that Knysna Municipality has received their third consecutive clean audit, which was driven by accountability and good governance. She was pleased that Knysna was used to hold the CFO Lekgotla.

4. APPROVAL OF THE AGENDA

No additional items were added to the draft agenda which was circulated.

5. **KEY NOTE ADDRESS**

Post 10 Year Implementation of the MFMA, paradigm shift required to improve financial governance to enable inclusive growth – Central role of the CFO.

Mr TV Pillay started his presentation with a Motivation and Innovation video clip after which a presentation was done.

Questions/Comments

No comments or questions were raised.

6. **NEW MATTERS**

6.1 Panel Discussion – **Towards integrated planning and budgeting to maximise the creation of public value and inclusive growth**

- Setting the scene: Economic Outlook, fiscal context and implications for government finances, particular for municipalities

Ms M Korsten indicated how we create public value and what we do in the finance space translate to inclusive growth. The session will focus on the practical questions that have been raised and the practical solutions to the conditions that we are facing. She introduced the panel members with the topics that they will be discussing. She did a presentation on the Economic and Fiscal Outlook.

- WCG Game Changer: Energy Security

Dr H Fast did a presentation on Preparing for Solar PV: Energy Security Game Changer in concert with GreenCape.

- Public Value Creation: Integrated planning and Budgeting as a tool to enhance public value creation

Prof E Schwella did a presentation on Public Value.

- New economic efficiencies/Old economy relationship – Public Transport Innovations to improve public value creation, integrated communities

Ms C Bunding-Venter did a presentation on The Transport and Public Value: GO GEORGE.

- SCM and LED reform agenda in municipalities in the Western Cape: Using SCM as a strategic tool to enhance LED

Mr R Moolman did a presentation on Using SCM as a strategic tool to enhance LED.

Questions/Comments

Ms S de Visser stated that Ms C Bunding-Venter mentioned in her presentation that they are unlocking properties in George and activating the economic development through it, as to how George is hoping to activate that economic development not just for the bigger business but target the smaller businesses in that context. The second question relates to the energy game changer, particular to municipalities outside the metro. Dr Fast mentioned that the City is looking at the gas economy through direct purchases from IPP (Independent Power Producer). If you a local municipality and you have a big wind farm in your area that is all not locked in your WIG program, how would they go about if they are interested to become off takers directly from those farms, and from a supply chain sense, what kind of obstacles will they face?

Mr Z Zonyane would like to see in future fora engagements held in Western Cape.

Mr J Carstens stated that they are supposed to encourage people to install solar panels as a game changer. There should be a cost reflective time of use tariff and a basic charge. The presentation indicates that all customers should pay a network service or demand charge. His concern is that the poorest of the poor cannot afford to put on solar panels. What is the view of this on the long term?

Ms S Reyneke–Naude stated that they foresee challenges with NERSA where municipalities align their tariff structure accordingly.

Responses

Ms C Bunding-Venter stated that the majority of the transfer nodes are along the integration corridors closer to communities. In the CBD, the transport system in the investment is changing the discussion between tenant and the landlord. When they talk about regeneration issues, they often have the discussion with the property owner and not with the tenant. Through collaborate discussions are they able to unlock real opportunities for small businesses and just changing the dynamics.

Ms M Korsten responded to the question regarding the comment about the Western Cape specific risks are noted.

Dr H Fast responded to the question if municipalities can get into the IPP space. Can municipalities start generating beyond 1 mW or can they buy from the wind farm or solar farm close to them? The answer is that at the moment the regulatory framework says that if municipalities want to do that they have to ask the national minister of energy for permission. There are power constraints in SA that we are going to head for a crisis in the next year or two for a wide variety of reasons. The issue in terms of procurement is too asked for permission to directly buy from the IPP who is on the national program. Once you do have that permission then you have to make it worthwhile in terms of the transmission costs that will be incurred. Then

they have to go on public procurement process but in some cases the field would be seriously narrowed.

Jack from GreenCape responded that the issues with ministerial determination, they will be looking at the Wheeling guidelines. So where the municipality is not purchasing energy directly but allowing the big distributing power plant to be wheeling across their networks and how the tariffs and regulations work for that space. With regards to Drakenstein Municipality around indigents customers – they are working very closely with CSIR and Stellenbosch University to look at how they ensure equity in the PV space. This is looking at how they attach a certain tariff to customers that could afford to install PV but have chosen not to ensure there is a ring-fence pool of money coming into the municipality that can be used to support your indigents customers with continues subsidisation in terms of electrification. With regard to the question of NERSA, is that they have been working closely with NERSA.

6.2 Panel Discussion – **Accountability & Capacity Building – Moving to action**

- Setting the scene – Integrated Financial and Non-Financial Risk Management: Linking risk management to planning, performance measurement and reporting.

Mr B Vink introduced the panel members and opened the discussion with the presentation of Integration of Performance and Risk Management. He emphasised that risk management is management responsibility.

- Internal Audit & Audit Committee – A strategic partner of the CFO lever for change

Ms Z Abrams did a presentation.

- Understanding Combined Assurance in partnering for a sustainable municipality

Mr K Jacoby did presentation on Combined Assurance: The next level of Governance Maturity?

Questions/Comments

Mr F Sabbat indicated that the smaller municipalities' first line of defence on the combined assurance is PT due to lack of resources at their municipality. They indicated that they will wait for the City of Cape Town to finalise their framework and edit it to make it a policy of their own.

Mr Z Hoosain stated that combined assurance has two angles to it. The one is about the increase of scope of coverage which was addressed. The other is particular for the smaller municipalities because of tighter budgetary environment.

He wanted to know from the City's perspective if they had observed any correlation of getting combined assurance at reduction cost?

A comment was raised that the biggest problem is the role clarity of the internal auditors.

Responses

Mr K Jacoby stated that the City has not implemented it yet. The biggest contributing of measure is that stage of the assessment and the only contribution that he found from it some risks that they have not been mapped. So he cannot say that the City has lessons learned from it, because they have not implemented it. If it is that combined assurance does not add to the effectiveness of an organisation, then it must be kicked out.

Ms Z Abrams indicated that in terms of role clarity should be stated in the TOR.

6.3 2014/15 Preliminary Municipal Audit outcomes and Governance challenges identified through 2014/15 Audit

- Mrs S Adams did a presentation on the Audit outcomes of local government.

Questions/Comments

Mr F Sabbat commented that Beaufort West Municipality will ensure that the basic controls are in place. There have also been a lot of keen vacancies in the past 2 to 3 years that has not been filled. They will also make the list of internal controls less.

Mrs S Adams responded that getting the basic controls in place is the first step in the right direction.

6.4 Panel Discussion - **Institutionalising the improvement of corporate and financial management practices, and capacity building**

- Setting the scene – Improving efficient, effective & responsive local governance through reforms

Ms E Barnard introduced the panel members after which a presentation was done.

- mSCOA regulations: Business process enhancement to drive council performance and financial sustainability

Ms S Koekemoer did a presentation on mSCOA.

- mSCOA: "A Western Cape Approach"

Ms M Fortuin did a presentation did a presentation on mSCOA: support provided by WCPT.

Questions/Comments

A question was raised as to how many non-pilots municipalities in the WC will go live on the 1 July 2016?

When NT classifies a municipality's system ready is it just the ledger or the whole system?

A statement was raised that they don't agree with NT that the vendor readiness lies with the municipality.

Another statement that was raised is to get seamless integration within the municipal financial systems will course a lot of problems going forward.

A comment was raised regarding attending all steercom meetings both from NT and PT which was not happening. It seems that Mossel Bay is left on their own without the support. Mossel Bay was approach by Mr C Stroud from NT to be an early adopter. He attended the first meeting and promised the municipality that they will get a project manager from PT. Until today there has been no project manager provided. The municipality didn't get any funding and they request Province to fulfil their obligation.

Response

Ms S Koekemoer stated that i.t.o. assessing vendors for readiness is that NT is not responsible to assess compliance with any regulation. They have been working very closely with the vendors. The challenge is that the vendor might have the functionality available to assist to become SCOA compliant. That is not to say that the municipality bought that from the vendor and is on the latest version. A minimum specification was given from NT. Compliance with the regulations will be done by the AGSA after the 1 July 2017. SCOA readiness will be handled by the technical team.

Ms M Fortuin responded that they don't know how many early adopters there will be.

Ms E Barnard requested that the issue of Mossel Bay be sorted after the meeting with Mr Z Hoosain, Mr H Malila and Mr A Hardien.

Mr Z Hoosain stated that the issues being raised were quite serious. He received feedback from Ms M Fortuin after the ICF i.t.o. the sudden hand over to the PT. His understanding to this was that they were responsible to manage change. He needs to get clarity on this and will take all the decisions on the issues mentioned. He requested that the municipalities write to NT with all their issues. The TCF is on the

22 January 2016 and he will request an update. The issue w.r.t. Mossel Bay will be taken up with the PT staff after the meeting.

- Building future managers through capacity building reforms

Ms M Van Niekerk did a presentation.

- IMFO: Training initiatives to improve financial management reforms

Mr M Memani did a presentation on IMFO.

- WCPT CA Academy: To professionalise and build capacity

Ms A Aboo did a presentation on the Chartered Accountants Academy (CAA).

Ms E Barnard closed the discussions with the following observations:

1. How do we influence public value?
2. Reforms are painful but necessary to help moving forward.
3. Require change management.
4. Reforms require business as unusual.
5. The staff, are they our greatest asset or liability?
6. What are staff exposed to?

Streamlining WCG municipal activities: Towards an integrated approach

Mr Z Hoosain did a presentation on Integrated Policy, Planning and Budgeting Process.

Questions/Comments

A question was raised on the early adoption of the municipal budgets considering that the elections and the LG MTEC engagements with municipalities prior to the budget approval. How is this taking into consideration?

Response

Mr H Malila stated that early adoption process is taking into account and has not yet been finalised. The same process as the 2011 election will be used, depending on when the municipalities table their budgets.

CONCLUDING DAY 1

Mr H Malila thanked everyone that partook in the discussions.

DAY 2

OPENING AND WELCOME

Mr H Malila, opened the meeting and welcomed all present.

6.5 Panel Discussion - **LG Financial Sustainability – Weathering the storms**

- Setting the scene: Fiscal Policy, Economic Growth and Expenditure composition
Mr M Sigabi introduced the panel members after which a presentation was done on high level.
- Revenue enhancement initiatives: Establishing Service Levels with the community
Mr K Kritzinger did a presentation.
- Public Value Creation through Stakeholder Management
Mr K Haarhof did a presentation.
- Expenditure Efficiency management
Mr F Lötter did a presentation.
- State of Local Government Finances – Strategies to address municipal performance failures (NT)
Mr T Phogole did a presentation on State of Local Government and Financial Sustainability.

Questions/Comments

Mr J Carsten stated that he liked the idea of not allowing payments through the sundry payment system but through order system but follow the route through the SCM system. If they issue an order to ESKOM or the AGSA, do they treat it as a deviation or do they just pay it?

Mr F Bergh stated that the long term financial plan goes around good financial controls and does not sometimes look at service delivery. He warned to keep a good balance between the two.

Mr S Vorster commented on the presentation from NT:

1. Creditors' payment period on which the statistics was noted and that this ratio will never be 30 days. In Saldanha Bay Municipality the ratio is 70 days but it does not mean that the municipality is paying within 30 days.
2. The free cash flow was interesting and would like the breakdown on how the amounts were calculated.

Response

Mr F Lötter responded that i.t.o. the bulk payments and statutory payments, the SCM regulations allow for this not to be part of a supplier chain process. There is no deviation. With respect to the long term financial plan, revisions are done. In the first year of implementation, they had to deviate from the tariff increases that were prescribed within the plan.

Mr T Phogole stated that the free cash flow is more proper to work on the end of the financial year and that they don't have the actual breakdown. It will take into account current liabilities, unspent conditional grants, rehabilitation of landfill sites (look at years), and leave pay.

Mr M Sigabi thanked the panel members for their contribution and closed the discussion.

6.6 Panel Discussion - **Towards improving municipal Infrastructure spending**

- Setting the scene: To facilitate and streamline of infrastructure delivery in municipalities, within the desired timeframes and to excellent quality standards

Ms J Gantana introduced the panel members. She did a presentation "Towards Improving Municipal Infrastructure Spending".

- Infrastructure Investment: CIDB requirements

Mr A Jordaan did a presentation on "Improving municipal Infrastructure spending".

- National Treasury: Roll out strategy – Municipal Infrastructure delivery

Mr G Cronje did a presentation.

Questions/Comments

Mr J Carstens wanted to know if the engineers can't give him a planning document with design specifications with cost estimates, then he cannot put it in the budget. So how is he going to budget for the next 5 years? If this is going to be regulations, then this will stop service delivery in local government.

Response

Mr G Cronje responded that if you start to do the planning, you have an initiation report on the project. Before you put it on the infrastructure plan, you must have a proper excepted strategic brief or feasibility study before approval. This will not stop service delivery.

Ms J Gantana thanked the panel members for their assistance.

7. CONCLUDING REMARKS

The chairperson thanked the attendees of the municipalities. The meeting adjourned at 13:00.

H MALILA
CHAIRPERSON
DATE:

ATTENDANCE REGISTER**MUNICIPAL CFO FORUM – SIMOLA HOTEL, KNYSNA**

NAME	ORGANISATION	7 & 8 December 2015
Ms S Reyneke–Naude	Overstrand Municipality	Y
Mr K van Niekerk	Bergrivier Municipality	Y
Mr K Jordaan	George Municipality	Y
Mr C le Roux	Overstrand Municipality	Y
Mr S Stander	Cape Agulhas Municipality	Y
Mr J Carstens	Drakenstein Municipality	Y
Mr M Bolton	Matzikama Municipality	Y
Mr J Tesselaar	Overberg District Municipality	Y
Mr C Kritzinger	Witzenberg Municipality	Y
Ms A Groenewald	Laingsburg Municipality	Y
Mr J Neethling	Prince Albert Municipality	Y
Mr J Stander	Eden District Municipality	Y
Mr P Hoffmann	Langeberg Municipality	Y
Mr A Raubenheimer	Witzenberg Municipality	Y
Mr F Bergh	Hessequa Municipality	Y
Mr N Delo	Kannaland Municipality	Y
Mr F Lötter	Bitou Municipality	Y
Mr G Muller	Breede Valley Municipality	Y
Ms B Volschenk	Breede Valley Municipality	Y
Mr W Rossouw	Swartland Municipality	Y
Mr S Vorster	Saldanha Bay Municipality	Y
Mr S Roets	Saldanha Bay Municipality	Y
Mr M Lesch	Cape Winelands District Municipality	Y
Mr M Wüst	Stellenbosch Municipality	Y
Mr K Jacoby	City of Cape Town	Y
Mr J Steyl	City of Cape Town	Y
Mr B Beyers	Swellendam Municipality	Y
Ms G Wolmarans	Mayor – Knysna Municipality	Y
Ms P Gobrie	Knysna Municipality	Y
Mr W Mc Cartney	Knysna Municipality	Y
Mr B Brown	Langeberg Municipality	Y
Ms C Bunding-Venter	George Municipality	Y

NAME	ORGANISATION	7 & 8 December 2015
Mr H le Roux	Mossel Bay Municipality	Y
Mr M Botha	Mossel Bay Municipality	Y
Mr Z van Rooyen	George Municipality	Y
Mr F Sabbat	Beaufort West Municipality	Y
Mr M Memani	Bitou Municipality	Y
Ms S Adams	AGSA	Y
Mr E Schwella	USB – School of Public Leadership	Y
Mr K Kemdell	GTAC TA	Y
Mr T Pretorius	SPL	Y
Mr J Radmore	GreenCape	Y
Ms Z Abrams	SAB&T	Y
Mr A Jordaan	PRAGMA	Y
Ms H Fast	Department of Local Government	Y
Mr G Paulse	Department of Local Government	Y
Mr K Haarhof	Department of Local Government	Y
Ms E Barnard	Department of Local Government	Y
Mr G Brown	Department of Local Government	Y
Ms D Benjamin	Department of Local Government	Y
Mr E de Kock	NT Tech Advisor	Y
Mr TV Pillay	National Treasury	Y
Mr T Phogole	National Treasury	Y
Ms S Koekemoer	National Treasury	Y
Mr G Cronje	National Treasury	Y
Mr Z Hoosain	Provincial Treasury HOT	Y
Mr H Malila	Provincial Treasury (Chairperson)	Y
Mr I Smith	Provincial Treasury – Asset Management	Y
Ms J Gantana	Provincial Treasury	Y
Ms M Korsten	Provincial Treasury	Y
Ms A Pick	Provincial Treasury	Y
Mr M Sigabi	Provincial Treasury – LG Public Finance	Y
Mr A Hardien	Provincial Treasury – Governance & Asset Management Branch	Y
Mr Z Zonyane	Provincial Treasury - LG Public Finance Group 2	Y
Mr R Moolman	Provincial Treasury – LG Supply Chain Management	Y
Ms M van Niekerk	Provincial Treasury- Corporate Governance	Y

NAME	ORGANISATION	7 & 8 December 2015
Mr B Vink	Provincial Treasury – Corporate Governance	Y
Mr K Roman	Provincial Treasury – LG Budget Management	Y
Mr P Pienaar	Provincial Treasury – Business Information and Data Management	Y
Mr E Johannes	Provincial Treasury – LG Public Finance	Y
Ms M Fortuin	Provincial Treasury – LG Accounting Services	Y
Ms S de Visser	Provincial Treasury – Fiscal Policy	Y
Ms A Aboo	Provincial Treasury	Y
Ms W Sadan	Provincial Treasury – Fiscal & Economic Services Branch	Y
Mr P Petersen	Provincial Treasury – LG Public Finance	Y
<p>APOLOGIES RECEIVED:</p> <ul style="list-style-type: none"> • <i>Cederberg Municipality</i> • <i>West Coast District Municipality</i> 		