



PROVINCIAL TREASURY

Provincial Government of the Western Cape

**PUBLIC FINANCE:
LOCAL GOVERNMENT**

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REFERENCE: T12/2/1

ENQUIRIES: ZSS Zonyane

TREASURY CIRCULAR MUN NO 35/2011

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS (Acting)
THE MAYOR, MATZIKAMA MUNICIPALITY: MS D GOEDEMAN
THE MAYOR, CEDERBERG MUNICIPALITY: MR B ZASS
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MS R JAGER
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: MR N DE BRUYN
THE MAYOR, WITZENBERG MUNICIPALITY: MR S LOUW
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS G VAN DEVENTER
THE MAYOR, STELLENBOSCH MUNICIPALITY: ALDERMAN CP JOOSTE
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR BD KIVEDO
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: COUNCILLOR N MYBURGH
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR V VAN DER WESTHUISEN
THE MAYOR, KANNALAND MUNICIPALITY: MR J DONSON
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR M FERREIRA
THE MAYOR, GEORGE MUNICIPALITY: MR C STANDERS
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR G APRIL
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 HD 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 DG O'NEILL
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C LIEBENBERG
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR J FORTUIN
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 D SMIT (Acting)
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR D DANIELS
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 W RABBETS (Acting)
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEVENS
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MR N NEL
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 (Acting)
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR M MOKGALE (Acting)
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR D DU PLESSIS (Acting)
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MS L WARING (Acting)
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THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER (Acting)
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON
THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER
THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR K BRUWER
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR F LÖTTER
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR J VAN COLLER (Acting)
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER
THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR JG MARAIS
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THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR D SMIT (Acting)
THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M BOLTON
THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR CF HOFFMANN
THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J SNYMAN
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THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR H KLEINLOOG
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H SCHLEBUSCH
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THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: DR C KAPP (Acting)
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR K JORDAAN
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR D LOTT
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR G EASTON
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR CJ KYMDELL
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING (Acting)
THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR D LOUW

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
THE HEAD: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR A REDDY)
THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS L NGXONONO)
THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)
THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS A SMIT)
THE PROVINCIAL AUDITOR
MASTER RECORDS OFFICIAL: FINANCIAL 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)

PROJECT TO ADDRESS LOW CAPITAL EXPENDITURE

1. Purpose

- 1.1 The purpose of this circular is to request all the Western Cape municipalities to submit capital expenditure information on a quarterly basis or when the need arises as outlined in section 4 below. This information reported should be per capital project and per vote with effect from the 2011/12 financial year and subsequent financial years.

- 1.2 This project will assist in providing a breakdown within the votes, fulfilling the requirements of section 71(1)(d) of the Municipal Finance Management Act, No 56 of 2003 (MFMA), which requires the mayor of a municipality to submit actual capital expenditure. The template is expanded to include expenditure per project, and not only per vote, because Table SA 36 provides information per project that can be used as a basis to track expenditure on capital projects.

2. Background

- 2.1 This reporting requirement has been informed by the low year-on-year trend of capital expenditure budgets by some of the municipalities. This also results in shortfalls to deliver basic services and insufficient infrastructure development which is a catalyst for economic growth.
- 2.2 The low capital expenditure also raises concerns on the credibility of the Capital Infrastructure Plans and budgets that are compiled by municipalities which includes the process plans.
- 2.3 During the 2011/12 financial year, the project will focus on top five projects per municipality with one main project from each vote. The reason to choosing one project per vote is to have an understanding of the challenges that are experienced in each vote within municipalities and to compare them with challenges of other municipalities, thereby identifying best practices. Over the 2011/12 MTREF, this project will be rolled out to all of the projects stipulated as per the infrastructure plans and Table SA 36 of the (Municipal Annual Budgets and MTREF & supporting tables) Budget Formats.

3. Objective

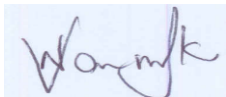
- 3.1 To enhance proper planning and budgeting for capital projects and provide technical expertise as available within the provincial government.
- 3.2 To ensure, through available provincial government expertise and support, that all the Western Cape municipalities adhere to proper infrastructure planning and delivery processes and that municipalities spend at least 90 per cent of their capital expenditure budgets by the end of each financial year over the 2011/12 MTREF and beyond.
- 3.3 Improvement in spending will be an assurance that municipalities deliver on targeted outputs which will ultimately result in the realisation of outcomes for capital infrastructure projects. This will in turn improve service delivery and possible increased economic activities within the communities.

4. Reporting Template

- 4.1 All municipalities are required to complete the attached Annexure A at the end of each quarter and report on achievements of that specific quarter and process plans and targets of the next quarter. However, municipalities are required to submit the process plans and targets for the quarter ending **30 September 2011** by **28 October 2011**.
- 4.2 There may be some instances whereby the Provincial Treasury would request the adversely affected municipalities to make specified monthly reports available in addition to the quarterly reports. At the end of each quarter, checks will be made whether the plans and targets, per project, have been achieved.
- 4.3 The first quarter report for the quarter ending on 30 September 2011 will focus on whether the municipalities have capital infrastructure delivery process plans and whether the targets for the first quarter have been achieved. Where targets have not been achieved, reasons/challenges must be provided including measures that will be incorporated in the plans for the following quarters to address the challenges.
- 4.4 The information that must be populated in each of the columns is as follows:
- 4.4.1 Name of the project: This column reflects one major project per vote;
- 4.4.2 Budgeted amount for 2011/12: This column must show the value of the project for the 2011/12 financial year;
- 4.4.3 Roll-over project: These columns must reflect information for only the projects that have been rolled over from the 2010/11 financial year;
- Amount and initiation year: This column must show the total amount of the project and the year in which it was first implemented;
 - Actual expenditure as at 30 June 2011: This column must show the total actual expenditure of the project since its implementation; and
 - % of budget spent: This column is formula driven and indicates the level of spending in percentage terms.
- 4.4.4 YTD expenditure of new projects: This column must show the value of actual quarterly expenditure for the new projects;
- 4.4.5 Commitments (new and roll-over projects): This column must show the commitments for a specific project as at the reporting date;
- 4.4.6 Brief process plan for Q2 ending on 31 December 2011: This column must show the process plan of the next quarter following the quarter that is being reported on. This column must also incorporate the measures that will be applied by a municipality in order to address short-comings of the previous quarter;

- 4.4.7 Foreseeable challenges on implementation of the project: This column must show the challenges that the municipality anticipates for a specific project as at the reporting date; and
- 4.4.8 Projected completion date: This column must show the anticipated completion date of each project.
- 4.5 The template must be signed by both the Municipal Manager and the Chief Financial Officer to authenticate the information that is being reported on.
- 4.6 The template will be pre-populated by Provincial Treasury officials with the information that will be sourced from Table SA 36 of the approved 2011/12 Budgets and the Service Delivery and Budget Implementation Plans. The municipalities are required to verify the pre-populated data and correct where it is incorrect. Furthermore, municipalities are requested to supply any additional information that cannot be sourced from these afore-mentioned budget documents and sign-off the template which must then be sent to the Provincial Treasury.
- 4.7 In completing the template, Municipal Project Managers and/Municipal Technical Managers must work together with the Finance Department to ensure that Provincial Treasury receives accurate data to allow for proper monitoring and providing support where necessary.
- 4.8 This information must be submitted on the 10th working day following the end of each quarter as part of the MFMA section 71 reports as follows:
- Quarter 1: 28 October 2011**
- Quarter 2: 16 January 2012**
- Quarter 3: 17 April 2012**
- Quarter 4: 13 July 2012**
- 4.9 All enquiries relating to this circular should be directed to Mr Zolani SS Zonyane on the contact details per the letter head above.

Yours faithfully



MS N VAN WYK
ACTING SENIOR MANAGER: LOCAL GOVERNMENT FINANCE
DATE: 11 OCTOBER 2011

ANNEXURE A

NAME OF THE MUNICIPALITY:												
Top 5 Projects: 1 major project per vote												
Name of the Project	Budgeted amount for 2011/12 (R'000)	New/Roll-over project	Roll-over project (R'000)			Quarter 1				Brief process plan for Q1 ending on 30 Sept 2011	Foreseeable challenges on implementation of the project	Projected completion date
			Amount and initiation year	Actual expenditure as at 30 June 2011	% of budget spent	SDBIP YTD Projections (R'000)	YTD Actual expenditure (R'000)	Commitments (new and roll-over projects) (R'000)	% Difference of YTD SDBIP and Actual Expenditure			
1. Housing					#DIV/0!				#DIV/0!			
1.1					#DIV/0!				#DIV/0!			
2. Electricity					#DIV/0!				#DIV/0!			
2.1					#DIV/0!				#DIV/0!			
3. Roads and Transport					#DIV/0!				#DIV/0!			
3.1					#DIV/0!				#DIV/0!			
4. Waste Water Management					#DIV/0!				#DIV/0!			
4.1					#DIV/0!				#DIV/0!			
5. Water					#DIV/0!				#DIV/0!			
5.1					#DIV/0!				#DIV/0!			

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Municipal Manager:

Date:

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Chief Financial Officer:

Date: