



PROVINCIAL TREASURY

Provincial Government of the Western Cape

**PUBLIC FINANCE:
LOCAL GOVERNMENT**

mfma@pgwc.gov.za
tel: +27 21 483 6121 fax: +27 21 483 4411
7 Wale Street, Cape Town, 8001
www.capegateway.gov.za

REFERENCE: T12/2/1

ENQUIRIES: ZSS Zonyane

TREASURY CIRCULAR MUN NO 7/2011

THE MAYOR, CITY OF CAPE TOWN: MR D PLATO
THE MAYOR, WEST COAST DISTRICT: MS HC KITSHOFF
THE MAYOR, MATZIKAMA MUNICIPALITY: MR P BOK
THE MAYOR, CEDERBERG MUNICIPALITY: MS J MOUTON
THE MAYOR, BERGRIVIER MUNICIPALITY: MR JA LIEBENBERG
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR R ABDOL
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT: MR B CHABAAN
THE MAYOR, WITZENBERG MUNICIPALITY: MS NB MHLATI
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS C MANUEL
THE MAYOR, STELLENBOSCH MUNICIPALITY: ALDERMAN CP JOOSTE
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR C NTSOMI
THE MAYOR, LANGEBERG MUNICIPALITY: MR JS NGONYAMA
THE MAYOR, OVERBERG DISTRICT: MS E MARTHINUS
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR C PUNT
THE MAYOR, OVERSTRAND MUNICIPALITY: MR T BEYLEVELDT
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL
THE MAYOR, SWELLENDAM MUNICIPALITY: COUNCILLOR J JANSEN
THE MAYOR, EDEN DISTRICT: MR L DORFLING
THE MAYOR, KANNALAND MUNICIPALITY: MR N VALENTYN
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR M FERREIRA
THE MAYOR, GEORGE MUNICIPALITY: MS M DRAGHOENDER
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR G APRIL
THE MAYOR, BITOU MUNICIPALITY: MR L MVIMBI
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES
THE MAYOR, CENTRAL KAROO DISTRICT: MR T PRINCE
THE MAYOR, LAINGSBURG MUNICIPALITY: MS R MEYER
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MS M BENJAMIN
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MS J JONAS

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM
THE MUNICIPAL MANAGER, WEST COAST DISTRICT: 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: MR M MGAJO
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR S KABANYANE
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR D DANIELS
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT: MR RF BUTLER (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 M STEENKAMP (Acting)
THE MUNICIPAL MANAGER, EDEN DISTRICT: MR M HOOGBAARD
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR M HOOGBAARD (Acting)
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 N PIETERSEN
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR L NGOQO
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR J DOUGLAS
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT: MR S JOOSTE (Acting)
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MS J FORTUIN
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: 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 K 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: MR JG MARAIS
THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR R ESAU
THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR CM PETERSEN
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: MR RF BUTLER (Acting)
THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR S JACOBS
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR H KLEINLOOG
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H SCHLEBUSCH
THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR J KRAPOHL
THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT: MR N DELO
THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR N DELO (Acting)
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN (Acting)
THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: DR C KAPP
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: MR CJ KYMDELL
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J VAN DER WESTHUIZEN
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 GILDENHUIJS)
THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR N VAN NIEKERK) (ACTING)
THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MR A REDDY) (ACTING)
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 (Dr H FAST)
THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS - NATIONAL TREASURY (MR J HATTINGH)
CHIEF DIRECTOR: MUNICIPAL PERFORMANCE, MONITORING AND SUPPORT - DEPARTMENT OF LOCAL GOVERNMENT (MR G PAULSE)

2011/12 MTREF LOCAL GOVERNMENT ALLOCATIONS AND GOING FORWARD

1. Purpose

- 1.1 The purpose of this circular is to advise all of the Western Cape municipalities about the process which will be followed and the method that will be applied by the Provincial Treasury in gazetting the Local Government Allocations for 2011/12 MTREF and beyond.

2. Background

- 2.1 Local Government Allocations made by the provincial departments are published every financial year, through a provincial gazette, and Provincial Treasury must check whether processes have been followed and test budgeting methods applied in finalising such allocations.
- 2.2 These processes and methods must be the basis for decision making by the provincial departments when allocating funds and it must be ensured that the financial resources that are allocated are efficiently utilised by the end of each financial years.

3. Discussion

- 3.1 Provincial Treasury has a responsibility of financial resource allocation and guidance of expenditures in the municipal sphere and a standardized process of finalising allocations for the purpose of publication (gazette) has been established. The process seeks to ensure that all allocations are made to municipalities on their consent and that municipalities have sound plans on how to spend the allocations made. See attached **Annexure A**.
- 3.2 This process has been informed by an observation that some of the municipalities fail to spend the entire allocated grant funding by provincial departments while some municipalities have shown the capacity to spend all the allocated grant funding. In the past financial years, funds have been allocated to municipalities without looking at performance expenditure trends of a specific provincial grant.
- 3.3 Provincial Treasury wants to ensure that Local Government Allocations are made based on past performance expenditure trends on each of the provincial grants, per municipality, to ensure that funding is shifted from municipalities that are not fully spending their grants and allocated to those which have demonstrated an appetite and capacity to spend. The past performance on expenditure will be looked at in conjunction with the demand of funding by municipalities.
- 3.4 However, it must be noted that allocations will be made based on the available financial resource envelope that is always set aside for a specific grant by each of the provincial departments. Municipalities are encouraged to build a business case on

each of the provincial grants looking at the demand.

- 3.5 In processing the 2011/12 MTREF Local Government Allocations and beyond, transferring provincial departments will be engaged to ensure that allocations are made based on the processes and methods mentioned above.
- 3.6 For the benefit of the above process and municipalities, provincial departments will be encouraged to make the indicative allocations available to municipalities by the end of January each year to ensure that municipalities include the allocations in the draft budgets.
- 3.7 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

A handwritten signature in black ink, appearing to be 'M Sigabi', enclosed within a large, loopy circular scribble.

MR M SIGABI
SENIOR MANAGER: LOCAL GOVERNMENT FINANCE
DATE: 03 FEBRUARY 2011

PROCESS PLAN ON PUBLICATION OF LOCAL GOVERNMENT ALLOCATIONS

PGF: Provincial Government Finance within PT
 PT: Provincial Treasury
 LGF: Local Government Finance within PT

