



Reference: T5/12/1/6

TREASURY CIRCULAR MUN NO. 31/2012

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS
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: MR 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, SWELLENLHAM 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: MS 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

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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 I KENNEDY
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C LIEBENBERG
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR L SCHEEPERS
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THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MR J METTLER
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR D BERETTI (Acting)
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR MP DU PLESSIS
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEVENS
THE MUNICIPAL MANAGER, SWELLENLHAM 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
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR T MNYIMBA
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR T GILLOMEE (Acting)
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MS L WARING
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE (Acting)
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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
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THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR S MAHLATHI (Acting)
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
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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 MUNICIPALITY: MS L HOEK (Acting)
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THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR M CUPIDO (Acting)
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR D LOTT
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR A BREDEHANN (Acting)
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 (VACANT)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
THE HEAD: LOCAL GOVERNMENT PUBLIC FINANCE (MR TC ARENDSE)
THE HEAD: ASSET MANAGEMENT (MR IG SMITH)
THE HEAD: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYNS)
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS T EVANS)
THE SENIOR MANAGER: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)
THE SENIOR MANAGER: FINANCIAL GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: FISCAL POLICY (MS C HORTON)
THE SENIOR MANAGER: INFRASTRUCTURE (MR NB LANGENHOVEN)
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MS L NGXONONO)
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (VACANT)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS M SHERATON-KORSTEN)
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THE SENIOR MANAGER: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)

INTERPRETATION OF CIRCULAR 58 (TOOLS OF TRADE – LAPTOPS/NOTEBOOKS)

1. Purpose

- 1.1 The purpose of this Circular is to provide guidance to municipalities on the interpretation of paragraph 4.8 of MFMA Circular No. 58, specifically with respect to the issuing/allocation of laptops and notebooks.

2. Discussion

- 2.1 The Provincial Treasury made an undertaking at the CFO Forum of 11 June 2012, to issue a Circular to provide guidance to municipalities on the interpretation of paragraph 4.8 of MFMA Circular No. 58, specifically with respect to the issuing/allocation of laptops and notebooks.

- 2.2 Paragraph 4.8 of MFMA Circular No. 58 reads as follows:

*“Section 167 of the MFMA provides that any remuneration paid or given in cash or in kind to a person as a political office-bearer or as a member of a political structure of a municipality otherwise than provided for in the framework of the Public Office Bearers Act 20 of 1998 is regarded as an **irregular expenditure** and the municipality must recover that remuneration from the political office bearer or member. The section also provides that the municipality may not write-off any expenditures incurred in providing such remuneration, i.e. the irregular expenditure must be recovered from the political office bearer or member.*

The remuneration referred to above includes:

- i. any bonus, bursary, loan or advance; and*
- ii. any other benefit such as:*
 - the municipality giving or allocating laptops, notebooks, iPads or other gadgets to councillors and Mayors;*
 - cell phone allowances in excess of the limits set in the Public Office Bearers Act;*
 - the use of municipal workers' time for councillors' and Mayors' private or business interests;*
 - the private use of official/municipal vehicles; and*
 - the use of a mayoral residence without paying a market related rental to the municipality.*

Municipalities are advised to ensure strict compliance with this provision”.

2.3 The Western Cape Provincial Treasury did consult with the National Treasury on this matter. It was agreed that Provincial Treasury will issue a Circular to advise municipalities that they may issue/allocate laptops or notebooks to councillors as "tools of trade" to assist councillors in the fulfilment of their official duties provided that these laptops and notebooks are issued in terms of a Council adopted policy with sufficient control measures in place to manage the utilisation thereof. This is also in accordance with resolution 3.4 agreed to at the MinMay Tech of 15 May 2012 which reads:

- On 16 May 2012, SALGA will meet with Treasury on the status of "tools of trade".
- SALGA recommends that municipalities use their own discretion and ensure that control measures are in place to manage their assets.
- DLG/PT to engage with National Treasury (NT)/DCOG on the concerns raised.
- City of Cape Town (CocT) to forward their policy to DLG for circulation.

2.4 It should be noted that the Independent Commission for the Remuneration of Public Office Bearers has made recommendations to the National Minister for Cooperative Governance on the definition of "tools of trade", for his consideration and implementation through the notice on the "Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils".

3. Way forward

3.1 In the interim municipalities are advised to consider the policy as circulated by the City of Cape Town on 15 May 2012 and customise it in line with its own requirements and other Council policies for tabling and adoption by Council.



MALCOLM BOOYSEN

SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE

DATE: 20 June 2012