

**10.
BUDGET REPORT FOR THE QUARTER ENDED DECEMBER 2016**

5/1/18-2016/2017
B A King
16 January 2017

(028) 313 8154

Corporate Head Office

1. Executive Summary

Report prepared as part of the financial reporting obligations arising from section 52(d) of the Local Government: Municipal Finance Management Act, 2003 (MFMA).

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Financial Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, (Act 56 of 2003)[MFMA]

6. Background/Discussion/Evaluation/Conclusion

Background

This report has been prepared as part of the financial reporting obligations arising from the MFMA. The MFMA requires the Executive Mayor to report to Council on a quarterly basis on the state of the Municipality's budget.

Discussion

Legislation requires that certain financial and performance information is disclosed in the quarterly monitoring report. The report has been prepared according to the standard reporting formats issued by National Treasury.

The status relating to cost containment measures is attached as Annexure B.

A further release, MFMA Circular No. 82 (Cost Containment Measures – updated November 2016) was issued by National Treasury and is attached as Annexure C.

The impact of the updated cost containment measures does not imply any meaningful financial savings in real terms, as measures already implemented are more stringent in certain instances.

The status report will reflect any adjusted measures in subsequent reports.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Quarterly Budget Report for the Quarter Ended December 2016

Annexure B: Cost Containment Measures December 2016

Annexure C: MFMA Circular no. 82 - Cost Containment Measures (updated November 2016)

RECOMMENDATION TO THE COUNCIL:

that the budget report for the quarter ended December 2016, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003, **be noted**.

RESPONSIBLE OFFICIAL :

BA KING

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED

OVERSTRAND MUNICIPALITY



Quarterly Budget Report

December 2016

In-Year Report of the Municipality

Prepared in terms of Section 52(d) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) & Section 31 of the Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

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Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Budget – The financial plan of the Municipality.

Capital expenditure - Spending on assets such as infrastructure, land & buildings minor assets etc. Any capital expenditure must be reflected as an asset on the Municipality's statement of financial position.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – An unconditional grant paid to municipalities. It is predominantly targeted towards funding the Indigent Policy.

FMG – Financial Management Grant.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle legislation relating to municipal financial management.

MIG – Municipal Infrastructure Grant.

mSCOA – Municipal Standard Chart of Accounts.

MTREF – Medium Term Revenue and Expenditure Framework (MTREF). The medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes financial information of the previous and current year.

NDPG – Neighbourhood Development Partnership Grant.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages, repairs and maintenance etc.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Vote – A main appropriation segment of the budget. In Overstrand Municipality this relates to the directorate level for operating expenditure and the GFS classification for capital expenditure.

YTD – Year to date

PART 1 – IN-YEAR REPORT

Mayor's Report

1.1 In-Year Report – Quarterly Budget Report

1.1.1 Implementation of the budget in accordance with the SDBIP

The results of the SDBIP for the second quarter ended December 2016 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

None. All the major sources of revenue are currently within acceptable norms. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality.

1.1.3 Other relevant information

The 2016/2017 Budget represents the 2nd year of pilot site implementation and was compiled according to version 5.3 of the mSCOA classification framework. The below results reflects the second quarter's financial position.

YTD Actual operating revenue at the end of the second quarter for 2016/2017 is at 54.61% of the budgeted revenue. The expenditure reflects spending of 46.4% against the budgeted expenditure. Capital expenditure amounts to R20.2m, or 22.89% of the total original budget of R88.3m, at the end of December 2016.

No adjustments budgets were tabled during this quarter.

Outstanding consumer debtors remain stable and only reflect the year-on-year increase from increased tariffs as from 1 July 2016.

The positive cash flow remains stable with an indication of an increase in cash..

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Resolutions***IN-YEAR REPORTS 2016/2017***

This is the resolution that will be presented to Council when the In-Year Report is tabled:

RECOMMENDATION:

That the budget report for the quarter ended December 2016, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003, **be noted**.

Executive Summary

The Auditor General has since completed the audit of the 2015/2016 financial statements and the Annual Report will be tabled in Council on 23 January 2017, therefore the 'Audited Outcome' for 2015/2016 will be reflected in the next quarterly report.

Revenue by Source

The Year-to-Date actual revenue is 2.25% above the YTD budget projections at the end of December 2016.

Borrowings

The balance of borrowings amounts to R425.9m at the end of December 2016.

Operating expenditure by vote & type

Current expenditure is 2.31% below YTD budget projections as at December 2016.

Capital expenditure

YTD Capital expenditure amounts to R20.2m or 22.89% of the total original budget of R88.3m. The current capital commitments of orders in progress amounts to R29.6m or 33.52% of the original capital budget of R88.3m.

Cash flows

The municipality started the year with a positive cash balance of R174.8 million. The December closing balance is R237.1 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

Grants totaling R36m was received during December 2016.

Spending on Grants

Spending on grants amounts to R8.1m for December 2016 which includes FMG, EPWP, Housing, Provincial Library Grant, MIG & INEP.

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Material variances

The table below summarises variances for projected revenue and expenditure.

WC032 Overstrand - Supporting Table SC1 Material variance explanations - M06 December			
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
<u>Revenue By Source</u>	2.25%	Not material	
<u>Expenditure By Type</u>	-2.31%	Not material	
<u>Capital Expenditure</u>	16.49%	Capital Commitments =R29.6m	
<u>Financial Position</u>			
In order			
<u>Cash Flow</u>			
In order			

Performance in relation to SDBIP targets

See the comprehensive report tabled in Council.

Remedial or corrective steps

No remedial or corrective steps are required at this time.

In-year budget statement tables / ...

Table C1: s71 Monthly Budget Statement Summary**WC032 Overstrand - Table C1 Monthly Budget Statement Summary - M06 December**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	181 439	-	16 339	100 033	96 474	3 558	4%	181 439
Service charges	-	607 054	-	53 764	302 847	300 387	2 460	1%	607 054
Investment revenue	-	10 489	-	1 750	10 565	7 605	2 960	39%	10 489
Transfers recognised - operational	-	126 313	-	28 522	88 568	88 568	-		126 313
Other own revenue	-	67 879	-	8 209	40 443	37 495	2 948	8%	67 879
Total Revenue (excluding capital transfers and contributions)	-	993 175	-	108 585	542 455	530 529	11 926	2%	993 175
Employee costs	-	314 204	-	24 440	152 004	154 133	(2 129)	-1%	314 204
Remuneration of Councillors	-	9 110	-	747	4 418	4 555	(137)	-3%	9 110
Depreciation & asset impairment	-	117 690	-	9 808	58 845	58 845	0	0%	117 690
Finance charges	-	46 421	-	9 951	16 539	16 539	-		46 421
Materials and bulk purchases	-	285 811	-	21 800	141 639	144 242	(2 603)	-2%	285 811
Transfers and grants	-	57 479	-	4 611	27 880	28 739	(859)	-3%	57 479
Other expenditure	-	242 280	-	19 700	96 594	102 864	(6 070)	-6%	242 280
Total Expenditure	-	1 072 995	-	91 068	497 919	509 717	(11 797)	-2%	1 072 995
Surplus/(Deficit)	-	(79 820)	-	17 516	44 536	20 812	23 724	114%	(79 820)
Transfers recognised - capital	-	39 962	-	3 924	9 288	9 288	-		39 962
Contributions & Contributed assets	-	4 500	-	-	-	-	-		4 500
Surplus/(Deficit) after capital transfers & contributions	-	(35 358)	-	21 440	53 824	30 100	23 724	79%	(35 358)
Surplus/ (Deficit) for the year	-	(35 358)	-	21 440	53 824	30 100	23 724	79%	(35 358)
Capital expenditure & funds sources									
Capital expenditure	-	88 356	-	7 840	20 230	17 365	2 865	17%	88 356
Capital transfers recognised	-	43 462	-	3 924	9 227	8 394	833	10%	43 462
Public contributions & donations	-	1 462	-	-	-	244	(244)	-100%	1 462
Borrowing	-	33 824	-	1 368	7 601	5 125	2 476	48%	33 824
Internally generated funds	-	9 608	-	2 549	3 402	3 603	(201)	-6%	9 608
Total sources of capital funds	-	88 356	-	7 840	20 230	17 365	2 864	16%	88 356
Financial position									
Total current assets	-	238 962	-		372 079				238 962
Total non current assets	-	3 284 285	-		3 707 554				3 284 285
Total current liabilities	-	183 981	-		144 127				183 981
Total non current liabilities	-	636 115	-		608 325				636 115
Community wealth/Equity	-	2 703 150	-		3 327 181				2 703 150
Cash flows									
Net cash from (used) operating	-	103 090	-	25 648	108 065	106 739	(1 325)	-1%	103 090
Net cash from (used) investing	-	(95 217)	-	(9 240)	(25 230)	(25 230)	-		(95 217)
Net cash from (used) financing	-	5 787	-	(3 222)	(20 502)	(20 502)	-		5 787
Cash/cash equivalents at the month/year end	-	114 127	-	-	237 113	161 474	(75 639)	-47%	188 441
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	55 726	1 460	1 006	977	836	1 185	4 098	19 185	84 472
Creditors Age Analysis									
Total Creditors	2 776	-	-	-	-	-	-	-	2 776

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Table C2: Monthly Budget Statement – Financial Performance (standard classification)

WC032 Overstrand - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Standard									
<i>Governance and administration</i>	-	274 984	-	43 570	172 659	169 453	3 206	2%	274 984
Executive and council	-	73 269	-	24 362	54 859	54 859	-		73 269
Budget and treasury office	-	200 953	-	18 707	116 736	113 873	2 862	3%	200 953
Corporate services	-	762	-	502	1 064	720	344	48%	762
<i>Community and public safety</i>	-	116 537	-	9 962	59 035	55 288	3 747	7%	116 537
Community and social services	-	11 676	-	807	5 200	5 354	(154)	-3%	11 676
Sport and recreation	-	9 875	-	2 001	5 234	4 104	1 130	28%	9 875
Public safety	-	37 988	-	3 133	19 487	18 994	493	3%	37 988
Housing	-	56 997	-	4 021	29 114	26 836	2 278	8%	56 997
<i>Economic and environmental services</i>	-	25 639	-	1 830	8 763	9 400	(636)	-7%	25 639
Planning and development	-	14 810	-	905	6 609	6 920	(310)	-4%	14 810
Road transport	-	10 746	-	925	2 134	2 446	(311)	-13%	10 746
Environmental protection	-	83	-	-	20	35	(15)	-42%	83
<i>Trading services</i>	-	620 478	-	57 147	311 286	305 676	5 610	2%	620 478
Electricity	-	362 878	-	31 987	181 035	179 927	1 107	1%	362 878
Water	-	114 100	-	11 954	58 391	55 624	2 768	5%	114 100
Waste water management	-	77 930	-	7 577	38 871	37 341	1 530	4%	77 930
Waste management	-	65 570	-	5 589	32 989	32 784	205	1%	65 570
<i>Other</i>	-	-	-	-	-	-	-		-
Total Revenue - Standard	-	1 037 637	-	112 508	551 743	539 817	11 926	2%	1 037 637
Expenditure - Standard									
<i>Governance and administration</i>	-	262 295	-	21 040	125 665	126 703	(1 039)	-1%	262 295
Executive and council	-	114 535	-	9 052	55 288	55 353	(65)	0%	114 535
Budget and treasury office	-	69 180	-	6 007	34 648	35 167	(519)	-1%	69 180
Corporate services	-	78 579	-	5 982	35 729	36 183	(454)	-1%	78 579
<i>Community and public safety</i>	-	179 163	-	14 476	88 773	89 495	(722)	-1%	179 163
Community and social services	-	34 465	-	2 510	16 153	15 861	292	2%	34 465
Sport and recreation	-	20 239	-	2 423	8 760	8 686	74	1%	20 239
Public safety	-	74 657	-	5 803	34 064	35 151	(1 087)	-3%	74 657
Housing	-	49 802	-	3 740	29 797	29 797	-		49 802
<i>Economic and environmental services</i>	-	176 435	-	14 775	76 587	80 372	(3 785)	-5%	176 435
Planning and development	-	80 325	-	6 916	35 688	35 565	123	0%	80 325
Road transport	-	90 397	-	7 443	38 313	42 166	(3 853)	-9%	90 397
Environmental protection	-	5 712	-	416	2 586	2 642	(56)	-2%	5 712
<i>Trading services</i>	-	455 103	-	40 777	206 894	213 146	(6 252)	-3%	455 103
Electricity	-	277 742	-	22 547	128 658	129 613	(955)	-1%	277 742
Water	-	59 028	-	6 836	23 968	26 317	(2 349)	-9%	59 028
Waste water management	-	59 828	-	6 497	28 397	29 914	(1 517)	-5%	59 828
Waste management	-	58 505	-	4 898	25 871	27 302	(1 431)	-5%	58 505
<i>Other</i>	-	-	-	-	-	-	-		-
Total Expenditure - Standard	-	1 072 995	-	91 068	497 919	509 717	(11 797)	-2%	1 072 995
Surplus/ (Deficit) for the year	-	(35 358)	-	21 440	53 824	30 100	23 724	79%	(35 358)

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This table reflects the operating budget (Financial Performance) in the standard classifications which are the GFS Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main GFS classifications are Governance and administration; Community and public safety; Economic and environmental services; and Trading services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3.

Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

WC032 Overstrand - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - Council	-	73 182	-	24 336	54 814	54 814	-		73 182
Vote 2 - Municipal Manager	-	-	-	-	-	-	-		-
Vote 3 - Management Services	-	1	-	437	697	340	357	104.9%	1
Vote 4 - Finance	-	200 953	-	18 707	116 736	113 873	2 862	2.5%	200 953
Vote 5 - Community Services	-	291 065	-	29 008	143 427	138 463	4 964	3.6%	291 065
Vote 6 - Local Economic Development	-	3 352	-	309	1 831	1 676	155	9.2%	3 352
Vote 7 - Infrastructure & Planning	-	431 096	-	36 579	214 751	211 656	3 095	1.5%	431 096
Vote 8 - Protection Services	-	37 988	-	3 133	19 487	18 994	493	2.6%	37 988
Total Revenue by Vote	-	1 037 637	-	112 508	551 743	539 817	11 926	2.2%	1 037 637
Expenditure by Vote									
Vote 1 - Council	-	91 748	-	7 185	45 476	44 732	744	1.7%	91 748
Vote 2 - Municipal Manager	-	4 722	-	327	2 122	2 302	(180)	-7.8%	4 722
Vote 3 - Management Services	-	46 490	-	3 650	20 952	21 601	(649)	-3.0%	46 490
Vote 4 - Finance	-	69 180	-	6 007	34 648	35 167	(519)	-1.5%	69 180
Vote 5 - Community Services	-	346 998	-	32 226	152 364	166 764	(14 400)	-8.6%	346 998
Vote 6 - Local Economic Development	-	10 795	-	791	4 906	5 026	(121)	-2.4%	10 795
Vote 7 - Infrastructure & Planning	-	428 407	-	35 079	203 388	198 974	4 414	2.2%	428 407
Vote 8 - Protection Services	-	74 657	-	5 803	34 064	35 151	(1 087)	-3.1%	74 657
Total Expenditure by Vote	-	1 072 995	-	91 068	497 919	509 717	(11 797)	-2.3%	1 072 995
Surplus/ (Deficit) for the year	-	(35 358)	-	21 440	53 824	30 100	23 724	78.8%	(35 358)

The operating expenditure budget is approved by Council on the municipal vote level. The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Council; Municipal Manager; Management Services; Finance; Community Services; Local Economic Development; Infrastructure & Planning and Protection Services.

Unauthorised expenditure by year end would occur either for the municipality as a whole if the adjusted budget for 'Total Expenditure by Vote' or if any of the individual budgets for any specific vote/s were overspent. During the financial year some of the figures are influenced by transactions that occur annually only.

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Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)**WC032 Overstrand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									
Revenue By Source									
Property rates		180 591		16 321	99 874	96 315	3 558	4%	180 591
Property rates - penalties & collection charges		848		18	159	159	-		848
Service charges - electricity revenue		356 959		29 777	176 981	178 182	(1 201)	-1%	356 959
Service charges - water revenue		111 544		11 359	55 053	52 983	2 069	4%	111 544
Service charges - sanitation revenue		72 318		7 035	37 585	36 159	1 426	4%	72 318
Service charges - refuse revenue		65 510		5 560	32 920	32 755	165	1%	65 510
Rental of facilities and equipment		4 728		472	2 596	2 364	232	10%	4 728
Interest earned - external investments		10 489		1 750	10 565	7 605	2 960	39%	10 489
Interest earned - outstanding debtors		2 756		222	1 349	1 378	(29)	-2%	2 756
Fines		31 143		2 657	16 626	15 572	1 055	7%	31 143
Licences and permits		2 330		221	1 198	1 165	33	3%	2 330
Agency services		3 220		265	1 688	1 610	78	5%	3 220
Transfers recognised - operational		126 313		28 522	88 568	88 568	-		126 313
Other revenue		23 702		4 372	16 966	15 406	1 560	10%	23 702
Gains on disposal of PPE							-		
contributions)	-	993 175	-	108 585	542 455	530 529	11 926	2%	993 175
Expenditure By Type									
Employee related costs		314 204		24 440	152 004	154 133	(2 129)	-1%	314 204
Remuneration of councillors		9 110		747	4 418	4 555	(137)	-3%	9 110
Debt impairment		23 888		1 991	11 944	11 944	-		23 888
Depreciation & asset impairment		117 690		9 808	58 845	58 845	0	0%	117 690
Finance charges		46 421		9 961	16 539	16 539	-		46 421
Bulk purchases		210 763		15 089	98 475	100 464	(1 989)	-2%	210 763
Other materials		75 048		6 712	43 164	43 778	(614)	-1%	75 048
Contracted services		158 368		12 528	55 338	60 708	(5 370)	-9%	158 368
Transfers and grants		57 479		4 611	27 880	28 739	(859)	-3%	57 479
Other expenditure		60 024		5 182	29 312	30 012	(700)	-2%	60 024
Loss on disposal of PPE							-		
Total Expenditure	-	1 072 995	-	91 068	497 919	509 717	(11 797)	-2%	1 072 995
Surplus/(Deficit)									
Transfers recognised - capital		39 962		3 924	9 288	9 288	-		39 962
Contributions recognised - capital		4 500					-		4 500
Contributed assets							-		
Surplus/(Deficit) after capital transfers & Taxation	-	(35 358)	-	21 440	53 824	30 100	-		(35 358)
Surplus/(Deficit) after taxation	-	(35 358)	-	21 440	53 824	30 100	-		(35 358)
Surplus/(Deficit) attributable to municipality	-	(35 358)	-	21 440	53 824	30 100	-		(35 358)
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	-	(35 358)	-	21 440	53 824	30 100	-		(35 358)

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 2.25% above the YTD budget.

Current expenditure is 2.31% below YTD budget projections for December 2016.

Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

WC032 Overstrand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	14 311	-	638	6 576	6 264	312	5%	14 311
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	15 000	-	3 443	4 811	4 174	637	15%	15 000
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	-	29 311	-	4 081	11 387	10 438	949	9%	29 311
Single Year expenditure appropriation									
Vote 1 - Council	-	5	-	-	-	1	(1)	-100%	5
Vote 2 - Municipal Manager	-	41	-	-	32	34	(2)	-7%	41
Vote 3 - Management Services	-	320	-	-	113	132	(18)	-14%	320
Vote 4 - Finance	-	30	-	-	-	4	(4)	-100%	30
Vote 5 - Community Services	-	51 033	-	3 734	6 325	4 372	1 953	45%	51 033
Vote 6 - Local Economic Development	-	15	-	-	-	2	(2)	-100%	15
Vote 7 - Infrastructure & Planning	-	6 721	-	2	2 269	2 274	(5)	0%	6 721
Vote 8 - Protection Services	-	880	-	23	103	109	(5)	-5%	880
Total Capital single-year expenditure	-	59 046	-	3 759	8 843	6 927	1 916	28%	59 046
Total Capital Expenditure	-	88 356	-	7 840	20 230	17 365	2 865	17%	88 356
Capital Expenditure - Standard Classification									
Governance and administration									
Executive and council	-	46	-	3	242	428	(186)	-43%	855
Budget and treasury office	-	-	-	-	36	23	15	63%	46
Corporate services	-	809	-	3	204	405	(200)	-49%	809
Community and public safety									
Community and social services	-	19 502	-	1 819	2 045	3 211	(1 166)	-36%	19 502
Sport and recreation	-	2 995	-	450	572	848	(277)	-33%	2 995
Public safety	-	1 080	-	23	113	540	(427)	-79%	1 080
Housing	-	12 882	-	1 346	1 346	1 074	273	25%	12 882
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services									
Planning and development	-	183	-	2	85	92	(6)	-7%	183
Road transport	-	12 750	-	929	2 131	2 125	6	0%	12 750
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services									
Electricity	-	55 066	-	5 087	15 727	11 511	4 216	37%	55 066
Electricity	-	21 799	-	3 443	6 995	7 266	(271)	-4%	21 799
Water	-	15 021	-	638	4 049	2 381	1 668	70%	15 021
Waste water management	-	18 231	-	1 006	4 682	1 856	2 826	152%	18 231
Waste management	-	15	-	1	1	8	(6)	-85%	15
Total Capital Expenditure - Standard Classification	-	88 356	-	7 840	20 230	17 365	2 864	16%	88 356
Funded by:									
National Government	-	26 030	-	3 424	8 727	7 394	1 333	18%	26 030
Provincial Government	-	13 932	-	500	500	563	(63)	-11%	13 932
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	3 500	-	-	-	438	(438)	-100%	3 500
Transfers recognised - capital	-	43 462	-	3 924	9 227	8 394	833	10%	43 462
Public contributions & donations	-	1 462	-	-	-	244	(244)	-100%	1 462
Borrowing	-	33 824	-	1 368	7 601	5 125	2 476	48%	33 824
Internally generated funds	-	9 608	-	2 549	3 402	3 603	(201)	-6%	9 608
Total Capital Funding	-	88 356	-	7 840	20 230	17 365	2 864	16%	88 356

Capital expenditure is 16,49% above the Year-to-Date budget projections.

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Table C6: Monthly Budget Statement - Financial Position**WC032 Overstrand - Table C6 Monthly Budget Statement - Financial Position - M06 December**

Description	2015/16	Budget Year 2016/17			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		114 127		58 479	114 127
Call investment deposits		-		178 634	-
Consumer debtors		66 944		64 356	66 944
Other debtors		44 217		40 751	44 217
Current portion of long-term receivables		11		12	11
Inventory		13 663		29 847	13 663
Total current assets	-	238 962	-	372 079	238 962
Non current assets					
Long-term receivables		30		34	30
Investments		35 328		34 751	35 328
Investment property		159 761		152 550	159 761
Investments in Associate					
Property, plant and equipment		3 084 987		3 514 311	3 084 987
Agricultural					
Biological assets					
Intangible assets		4 179		5 909	4 179
Other non-current assets					
Total non current assets	-	3 284 285	-	3 707 554	3 284 285
TOTAL ASSETS	-	3 523 246	-	4 079 633	3 523 246
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing		29 378		28 514	29 378
Consumer deposits		46 429		36 377	46 429
Trade and other payables		81 244		54 427	81 244
Provisions		26 930		24 808	26 930
Total current liabilities	-	183 981	-	144 127	183 981
Non current liabilities					
Borrowing		412 288		397 443	412 288
Provisions		223 827		210 882	223 827
Total non current liabilities	-	636 115	-	608 325	636 115
TOTAL LIABILITIES	-	820 097	-	752 452	820 097
NET ASSETS	-	2 703 150	-	3 327 181	2 703 150
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		2 700 931		3 324 968	2 700 931
Reserves		2 218		2 213	2 218
TOTAL COMMUNITY WEALTH/EQUITY	-	2 703 150	-	3 327 181	2 703 150

The statement of financial position is in line with expectations for the financial year.

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Table C7: Monthly Budget Statement - Cash Flow

WC032 Overstrand - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges		177 978		11 696	84 705	84 094	610	1%	177 978
Service charges		595 436		55 817	319 802	319 550	252	0%	595 436
Other revenue		60 595		8 115	42 006	41 912	94	0%	60 595
Government - operating		126 313		28 522	88 568	88 568	-		126 313
Government - capital		44 462		3 924	9 288	9 288	-		44 462
Interest		13 245		1 972	11 914	11 914	-		13 245
Dividends		-		-	-	-	-		-
Payments									
Suppliers and employees		(811 039)		(69 826)	(403 799)	(404 168)	(369)	0%	(811 039)
Finance charges		(46 421)		(9 961)	(16 539)	(16 539)	-		(46 421)
Transfers and Grants		(57 479)		(4 611)	(27 880)	(27 880)	-		(57 479)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	103 090	-	25 648	108 065	106 739	(1 325)	-1%	103 090
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-		-	-	-	-		-
Decrease (Increase) in non-current debtors		-		-	-	-	-		-
Decrease (increase) other non-current receivables		13		7	8	8	-		13
Decrease (increase) in non-current investments		(6 873)		(1 410)	(5 011)	(5 011)	-		(6 873)
Payments									
Capital assets		(88 356)		(7 837)	(20 227)	(20 227)	-		(88 356)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(95 217)	-	(9 240)	(25 230)	(25 230)	-		(95 217)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-		-	(60)	(60)	-		-
Borrowing long term/refinancing		30 000		-	-	-	-		30 000
Increase (decrease) in consumer deposits		2 628		223	(7 566)	(7 566)	-		2 628
Payments									
Repayment of borrowing		(26 841)		(3 445)	(12 876)	(12 876)	-		(26 841)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	5 787	-	(3 222)	(20 502)	(20 502)	-		5 787
NET INCREASE/(DECREASE) IN CASH HELD	-	13 660	-	13 186	62 332	61 007			13 660
Cash/cash equivalents at beginning:		100 467			174 781	100 467			174 781
Cash/cash equivalents at month/year end:		114 127			237 113	161 474			188 441

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R237.1 million.

The municipality started the year with a positive cash balance of R174.8 million. The December closing balance is R237.1 million. Refer to Supporting Table SC9 for more details on the cash position.

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Supporting Table SC9: Monthly Budget Statement – Actual & revised targets for cash receipts & cash flows

WC032 Overstrand - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework			
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome				
Cash Receipts By Source																
Property rates	14 723	8 690	25 755	12 031	11 669	11 678						92 584	177 130	190 545	201 979	
Property rates - penalties & collection charges	30	28	25	30	28	18						689	848	899	953	
Service charges - electricity revenue	27 008	28 458	17 659	28 100	26 914	27 819						194 159	350 118	377 363	400 006	
Service charges - water revenue	13 245	16 174	8 458	15 801	14 341	14 005						27 396	109 419	116 964	123 983	
Service charges - sanitation revenue	7 566	5 966	3 551	6 733	6 801	6 386						33 932	70 935	76 304	80 883	
Service charges - refuse	8 885	7 424	4 630	8 191	7 804	7 575						19 745	64 255	69 121	73 269	
Rental of facilities and equipment	377	344	430	440	454	381						2 212	4 638	3 319	3 518	
Interest earned - external investments	793	2 289	586	2 705	2 442	1 750						(75)	10 489	12 795	13 563	
Interest earned - outstanding debtors	235	240	216	229	206	222						1 407	2 756	2 921	3 097	
Fines	2 541	3 367	2 638	2 583	2 840	2 657						14 517	31 143	31 164	31 187	
Licences and permits	198	214	224	158	184	221						1 132	2 330	2 470	2 618	
Agency services	267	295	293	268	300	265						1 532	3 220	3 413	3 618	
Transfer receipts - operating	30 985	10 833	6 708	7 800	3 721	28 522						37 745	126 313	100 430	113 519	
Other revenue	3 888	2 395	1 753	2 256	5 184	4 590						(804)	19 263	16 325	21 370	
Cash Receipts by Source	110 813	86 773	72 981	87 376	82 929	106 122	-	-	-	-	-	426 573	973 567	1 004 796	1 074 388	
Other Cash Flows by Source																
Transfer receipts - capital	-	-	2 540	648	2 176	3 924						34 174	43 452	63 604	67 271	
Contributions & Contributed assets	-	-	-	-	-	-						1 000	1 000	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-						-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-						30 000	30 000	30 000	40 000	
Increase in consumer deposits	(197)	(75)	(7 573)	(123)	179	223						10 194	2 628	2 321	2 438	
Receipt of non-current debtors	-	-	-	-	-	-						-	-	-	-	
Receipt of non-current receivables	(3)	0	4	0	0	7						5	13	11	10	
Change in non-current investments	(525)	(1 102)	(411)	(1 008)	(555)	(1 410)						(1 862)	(6 873)	(6 399)	(6 541)	
Total Cash Receipts by Source	110 069	85 587	67 531	86 871	84 728	108 866	-	-	-	-	-	500 144	1 043 797	1 084 334	1 177 547	
Cash Payments by Type																
Employee related costs	19 435	31 209	22 287	21 900	35 677	23 167						153 153	306 828	314 204	330 841	
Remuneration of councillors	719	710	747	747	747	747						4 692	9 110	9 620	10 161	
Interest paid	114	644	2 427	2 214	1 178	9 961						29 883	46 421	46 952	45 449	
Bulk purchases - Electricity	3 413	24 098	23 326	16 837	15 712	15 089						112 288	210 763	227 329	245 197	
Bulk purchases - Water & Sewer												-	-	-	-	
Other materials	506	12 908	8 530	9 081	5 428	6 712						31 884	75 048	40 659	46 605	
Contracted services	650	8 353	10 963	12 003	10 830	12 526						103 030	158 368	164 936	174 154	
Grants and subsidies paid - other municipalities												-	-	-	-	
Grants and subsidies paid - other	4 661	4 673	4 698	4 533	4 604	4 611						29 589	57 479	60 808	64 336	
General expenses	20 267	(1 635)	3 649	14 068	797	11 583						2 192	50 922	89 431	88 572	
Cash Payments by Type	49 775	80 960	76 628	81 483	74 974	64 398	-	-	-	-	-	466 720	914 939	953 940	1 005 314	
Other Cash Flows/Payments by Type																
Capital assets	-	571	5 869	1 879	4 070	7 837						68 129	88 356	94 230	107 271	
Repayment of borrowing	1 182	854	2 798	3 442	1 146	3 445						13 965	26 841	29 775	33 384	
Total Cash Payments by Type	50 957	82 396	85 295	86 804	80 190	95 680	-	-	-	-	-	548 615	1 030 137	1 077 945	1 145 989	
NET INCREASE/(DECREASE) IN CASH HELD	59 113	3 191	(17 764)	67	4 538	13 188	-	-	-	-	-	(48 671)	13 660	16 389	31 577	
Cash/cash equivalents at the month/year beg	174 783	233 895	237 086	219 322	219 390	223 928	237 113	237 113	237 113	237 113	237 113	237 113	174 783	188 442	204 831	
Cash/cash equivalents at the month/year end	233 895	237 086	219 322	219 390	223 928	237 113	237 113	237 113	237 113	237 113	237 113	188 442	188 442	204 831	236 409	

This supporting table gives details of information summarised in Table C7.

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

Supporting Table SC3 Debtors' age analysis

WC032 Overstrand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2016/17									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts LLo Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	12 650	265	181	149	141	227	583	2 690	16 886	3 789	395	3 860
Trade and Other Receivables from Exchange Transactions - Electrical	1300	13 555	330	188	139	147	114	539	2 406	17 417	3 344	40	4 370
Receivables from Non-exchange Transactions - Property Rates	1400	15 890	403	247	374	170	157	672	2 510	20 422	3 683	26	4 856
Receivables from Exchange Transactions - Waste Water Management	1500	6 508	174	115	89	90	71	358	1 773	9 177	2 380	11	2 295
Receivables from Exchange Transactions - Waste Management	1600	4 665	135	88	79	67	59	282	1 292	6 667	1 780	12	1 812
Receivables from Exchange Transactions - Property Rental Debtors	1700	516	19	13	17	16	16	33	127	758	210	-	194
Interest on Arrear Debtor Accounts	1810	102	19	21	26	25	53	272	5 533	6 050	5 909	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	1 840	117	153	104	178	490	1 359	2 854	7 094	4 984	46	2 143
Total By Income Source	2000	55 726	1 460	1 006	977	836	1 185	4 098	19 185	84 472	26 280	533	19 530
2015/16 - totals only		49 036	1 691	1 105	1 097	792	751	3 711	18 743	76 926	25 094		16 995
Debtors Age Analysis By Customer Group													
Organs of State	2200	582	29	24	202	22	150	696	149	1 856	1 221	42	234
Commercial	2300	8 338	114	47	27	30	31	110	651	9 348	849	20	707
Households	2400	47 151	1 297	925	740	775	995	3 253	18 029	73 167	23 794	470	18 588
Other	2500	(345)	20	9	8	6	10	37	355	101	416	-	2
Total By Customer Group	2600	55 726	1 460	1 006	977	836	1 185	4 098	19 185	84 472	26 280	533	19 530

The overall increased debtors results mainly from the year-on-year increase in billings from increased tariffs at the start of the new financial year. This conclusion can be drawn from the increase in the 0-30 days (current) debtors.

Summary of Indigent Households

Indigent Household Statistics					
	Indigent Households	Amount	Other Households	Total Households	
2 016					
July	7 304	4 360 616	25 142	32 446	22.51%
August	7 298	4 355 084	25 131	32 429	22.50%
September	7 503	4 488 280	25 161	32 664	22.97%
October	7 504	4 498 246	25 111	32 615	23.01%
November	7 532	4 536 178	25 083	32 615	23.09%
December	7 665	4 608 644	24 949	32 614	23.50%
2 017					
January			0		
February			0		
March			0		
April			0		
May			0		
June			0		

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Summary of Debtors Age Analysis

MONTH	< 30 Days	< 60 Days	< 90 Days	< 120 Days	< 150 Days	<180 Days	<365 Days	>365 Days	Total	Older than 30 Days	Older than 90 days
2016/17											
June									0	0	0
May									0	0	0
April									0	0	0
March									0	0	0
February									0	0	0
January									0	0	0
December	55 726 442	1 459 913	1 005 503	976 593	835 735	1 184 877	4 097 985	19 184 797	84 471 844	28 745 402	26 279 986
November	53 540 438	1 532 503	1 197 756	1 014 165	1 284 533	1 354 917	3 400 262	18 959 315	82 283 889	28 743 451	26 013 192
October	50 652 570	1 888 891	1 221 523	1 432 705	1 441 096	777 200	3 459 412	18 909 484	79 782 882	29 130 311	26 019 898
September	50 963 328	1 741 045	1 604 160	1 547 365	882 541	715 623	3 646 312	19 161 990	80 262 363	29 299 036	25 953 831
Augustus	56 126 377	2 282 003	1 806 712	993 626	794 009	872 803	3 749 957	19 052 307	85 677 596	29 551 219	25 462 503
July	57 488 799	2 827 740	1 235 593	926 254	965 306	723 870	3 799 288	19 044 794	87 011 644	29 522 845	25 459 511

Government Debt

Overstrand Municipality as at 02/01/2017	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	489 457	415 497	73 200	761
WCED 2251	328 563	328 563	0	0
OTHER 2210+2255	641 504	641 504	0	0
HEALTH 2252	69 143	69 143	0	0
TPW 2256	173 813	7 910	164 778	1 125
HOUSING 2253+2215	35 131	3 456	31 314	360
OTHER MUNICIPALITIES 2276	118 351	118 351	0	0
TOTAL OUTSTANDING	1 855 961	1 584 424	269 292	2 245

Creditors' analysis**Supporting Table SC4****WC032 Overstrand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December**

Description	NT Code	Budget Year 2016/17								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	2 737								2 737
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	39								39
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	2 776	-	-	-	-	-	-	-	2 776

Supporting Table SC4 reflects current creditors at the end of December 2016.

The payment of creditors is within requirements of the MFMA.

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Investment portfolio analysis

Supporting Table SC5

WC032 Overstrand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands	Yrs/Months							
Municipality								
LIBERTY 15934476	15 YEARS	Policy	01/09/2025	381		11 653	125	12 159
LIBERTY 21198964	14 YEARS	Policy	01/09/2025	614		19 630	260	20 504
MOMENTUM MP 3853776	14 YEARS	Policy	01/07/2026	0		2 058	30	2 089
ABSA 4074809272	DAILY	CALL		3	6.0%	449		452
ABSA 9284200168	DEP PLUS	DEP PLUS		84	6.3%	14 092		14 175
ABSA 9295906141	DAILY	DEP PLUS		83	6.3%	13 924		14 007
Nedbank 03/7881534451	63 days	FIXED DEP	23/01/2017		7.8%	50 000		50 000
Nedbank 03/7881534451	90 days	FIXED DEP	28/02/2017		8.0%	50 000		50 000
Standard Bank 288434005/025	33 days	FIXED DEP	16/01/2017		7.6%		50 000	50 000
TOTAL INVESTMENTS AND INTEREST				1 164		161 806	50 415	213 385

Surplus cash not immediately required is invested in call and monthly deposits.

Long term investments relate to the sinking fund investments.

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Allocation and grant receipts and expenditure

Supporting Table SC6 – Grant receipts

WC032 Overstrand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	76 347	-	24 317	57 533	57 533	-		76 347
Local Government Equitable Share		72 950		24 317	54 712	54 712	-		72 950
Finance Management		1 475			1 475	1 475			1 475
Municipal Systems Improvement									
EPWP Incentive		1 922			1 346	1 346			1 922
Provincial Government:	-	49 966	-	2 932	35 509	35 509	-		49 966
Housing		43 795		2 932	30 492	30 492	-		43 795
Provincial Library Grant		5 839			4 942	4 942			5 839
Community Development Worker Grant		75			75	75	-		75
Main Road Subsidy		137					-		137
Financial Management Support Grant		120					-		120
Other grant providers:	-	-	-	-	571	571	-		-
ACIP					571	571	-		
Total Operating Transfers and Grants	-	126 313	-	27 249	93 613	93 613	-		126 313
Capital Transfers and Grants									
National Government:	-	26 030	-	8 259	18 517	18 517	-		26 030
Municipal Infrastructure Grant (MIG)		21 030		8 259	13 517	13 517	-		21 030
INEP		5 000			5 000	5 000	-		5 000
Provincial Government:	-	13 932	-	500	1 000	1 000	-		13 932
Housing		12 882		500	1 000	1 000	-		12 882
Provincial Library Grant		1 050					-		1 050
Other grant providers:	-	3 500	-	-	-	-	-		3 500
DWA ACIP		3 500					-		3 500
Total Capital Transfers and Grants	-	43 462	-	8 759	19 517	19 517	-		43 462
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	169 775	-	36 008	113 130	113 130	-		169 775

Grant receipts are monitored according to the payment schedules.

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Supporting Table SC7(1) – Grant expenditure

WC032 Overstrand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	-	3 397	-	205	1 275	1 275	-		3 397
Local Government Equitable Share							-		
Finance Management		1 475		54	306	306	-		1 475
Municipal Systems Improvement							-		
EPWP Incentive		1 922		152	969	969	-		1 922
Provincial Government:	-	49 966	-	3 999	32 010	32 010	-		49 966
Housing		43 795		3 496	28 418	28 418	-		43 795
Community Development Worker Grant		75			30	30	-		75
Main Road Subsidy		137			137	137	-		137
Financial Management Support Grant		120					-		120
Provincial Library Grant		5 839		504	3 426	3 426	-		5 839
Other grant providers:	-	-	-	-	417	417	-		-
ACIP					417	417	-		
Total operating expenditure of Transfers and Grants:	-	53 363	-	4 205	33 701	33 701	-		53 363
Capital expenditure of Transfers and Grants									
National Government:	-	26 030	-	3 424	8 768	8 768	-		26 030
Municipal Infrastructure Grant (MIG)		21 030		2 227	5 919	5 919	-		21 030
INEP		5 000		1 197	2 870	2 870	-		5 000
Provincial Government:	-	13 932	-	500	500	500	-		13 932
Housing		12 882		500	500	500	-		12 882
Provincial Library Grant		1 050					-		1 050
Other grant providers:	-	4 500	-	-	-	-	-		4 500
National Lotto		1 000					-		1 000
DWA ACIP		3 500					-		3 500
Total capital expenditure of Transfers and Grants	-	44 462	-	3 924	9 288	9 288	-		44 462
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	97 825	-	8 128	42 989	42 989	-		97 825

Grant expenditure is monitored against grant receipts.

A23/35

Supporting Table SC7(2) – Expenditure against approved rollovers

WC032 Overstrand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M06 December

Description	Budget Year 2016/17				
	Approved Rollover 2015/16	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands					
EXPENDITURE					
Operating expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Local Government Equitable Share				-	
Finance Management				-	
Municipal Systems Improvement				-	
EPWP Incentive				-	
Other transfers and grants [insert description]				-	
Provincial Government:	-	-	-	-	
Housing				-	
Community Development Worker Grant				-	
Main Road Subsidy				-	
Financial Management Support Grant				-	
District Municipality:	-	-	-	-	
Other grant providers:	-	-	-	-	
Total operating expenditure of Approved Roll-overs	-	-	-	-	
Capital expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Municipal Infrastructure Grant (MIG)				-	
INEP				-	
Other capital transfers [insert description]				-	
Provincial Government:	-	-	-	-	
Provincial Library Grant				-	
District Municipality:	-	-	-	-	
Other grant providers:	-	-	-	-	
Total capital expenditure of Approved Roll-overs	-	-	-	-	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS	-	-	-	-	

No application for roll overs was submitted to NT or PT as no unspent grants were reported at the end of June 2016.

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Expenditure on councillor allowances and employee benefits

Supporting Table SC8

WC032 Overstrand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages		8 499		696	4 111	4 249	(138)	-3%	8 499
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		612		51	307	306	1	0%	612
Housing Allowances							-		
Other benefits and allowances							-		
Sub Total - Councillors	-	9 110	-	747	4 418	4 555	(137)	-3%	9 110
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages		10 150		845	5 062	5 075	(14)	0%	10 150
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Overtime							-		
Performance Bonus							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		154		13	77	77	-		154
Housing Allowances							-		
Other benefits and allowances				-	8	-	8		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
Sub Total - Senior Managers of Municipality	-	10 305	-	858	5 147	5 152	(5)	0%	10 305
<u>Other Municipal Staff</u>									
Basic Salaries and Wages		199 010		15 342	99 327	99 982	(655)	-1%	199 010
Pension and UIF Contributions		32 625		2 561	15 272	15 497	(225)	-1%	32 625
Medical Aid Contributions		11 423		850	5 099	5 236	(137)	-3%	11 423
Overtime		14 920		1 092	5 528	5 691	(163)	-3%	14 920
Performance Bonus				-			-		
Motor Vehicle Allowance		6 990		858	5 056	5 243	(186)	-4%	6 990
Cellphone Allowance		1 278		104	624	639	(15)	-2%	1 278
Housing Allowances		5 851		195	1 210	1 537	(327)	-21%	5 851
Other benefits and allowances		11 375		874	4 759	4 929	(170)	-3%	11 375
Payments in lieu of leave		709		59	355	355	(0)	0%	709
Long service awards		3 139		266	1 337	1 337			3 139
Provision for Bonus		496		41	248	248	(0)	0%	496
Post-retirement benefit obligations		16 081		1 340	8 041	8 041	(0)	0%	16 081
Sub Total - Other Municipal Staff	-	303 899	-	23 583	146 857	148 734	(1 877)	-1%	303 899
Total Parent Municipality		323 314		25 188	156 423	158 441	(2 019)	-1%	323 314
TOTAL SALARY, ALLOWANCES & BENEFITS	-	323 314		25 188	156 423	158 441	(2 019)	-1%	323 314
TOTAL MANAGERS AND STAFF	-	314 204	-	24 440	152 004	153 886	(1 882)	-1%	314 204

SDBIP

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The results of the SDBIP for the second quarter ended December 2016 will be included in a separate comprehensive report to be tabled in Council.

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Financial Performance

Supporting Table SC2

WC032 Overstrand - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December

Description of financial indicator	Basis of calculation	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management						
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	0.0%	15.3%	0.0%	3.3%	5.2%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	38.3%	0.0%	37.6%	38.3%
Safety of Capital						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	0.0%	19.3%	0.0%	14.4%	19.3%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	18584.8%	0.0%	17961.0%	18584.8%
Liquidity						
Current Ratio	Current assets/current liabilities	0.0%	129.9%	0.0%	258.2%	129.9%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0%	62.0%	0.0%	164.5%	62.0%
Revenue Management						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	11.2%	0.0%	Annual Indicator	11.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		98.0%		Annual Indicator	98.0%
Funding of Provisions						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
Other Indicators						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated		6.0%		Annual Indicator	6.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		18.9%		Annual Indicator	18.9%
Employee costs	Employee costs/Total Revenue - capital revenue	0.0%	31.6%	0.0%	28.0%	31.6%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0.0%	16.5%	0.0%	3.0%	5.6%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year		19.1		Annual Indicator	19.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		14.0%		Annual Indicator	14.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		1.6		Annual Indicator	1.6

Capital programme performance

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Supporting Table SC12

WC032 Overstrand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July		50		-		50	-		
August		2 978		571	571	3 028	2 456	81.1%	1%
September		2 070		5 869	6 440	5 098	(1 343)	-26.3%	7%
October		3 885		1 879	8 319	8 983	663	7.4%	9%
November		4 195		4 070	12 390	13 178	788	6.0%	14%
December		4 188		7 840	20 230	17 365	(2 864)	-16.5%	23%
January		2 185				19 550	-		
February		8 551				28 102	-		
March		10 086				38 188	-		
April		12 051				50 238	-		
May		11 331				61 570	-		
June		26 787				88 356	-		
Total Capital expenditure	-	88 356	-	20 230					

Supporting Table SC13a

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WC032 Overstrand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	-	36 284	-	4 047	12 659	9 066	(3 594)	-39.6%	36 284
Infrastructure - Road transport	-	1 840	-	51	502	920	418	45.4%	1 840
Roads, Pavements & Bridges		1 610		51	320	805	485	60.2%	1 610
Storm water		230			182	115	(67)	-58.3%	230
Infrastructure - Electricity	-	21 599	-	3 443	6 995	4 712	(2 283)	-48.5%	21 599
Generation							-		
Transmission & Reticulation		21 599		3 443	6 995	4 712	(2 283)	-48.5%	21 599
Street Lighting							-		
Infrastructure - Water	-	4 529	-	333	2 304	2 265	(40)	-1.8%	4 529
Dams & Reservoirs		4 529		333	2 304	2 265	(40)	-1.8%	4 529
Water purification							-		
Reticulation							-		
Infrastructure - Sanitation	-	8 301	-	220	2 856	1 162	(1 694)	-145.8%	8 301
Reticulation		4 801					-		4 801
Sewerage purification		3 500		220	2 856	1 162	(1 694)	-145.8%	3 500
Infrastructure - Other	-	15	-	-	1	8	6	85.3%	15
Waste Management		15			1	8	6	85.3%	15
Community	-	10 366	-	1 374	1 547	2 186	639	29.2%	10 366
Parks & gardens							-		
Sportsfields & stadia		480			49	240	191	79.5%	480
Swimming pools							-		
Community halls		945					-		945
Libraries		1 050					-		1 050
Recreational facilities							-		
Fire, safety & emergency		880		23	113	440	327	74.3%	880
Social rental housing		6 961		1 346	1 346	1 480	134	9.1%	6 961
Other		50		5	38	25	(13)	-51.9%	50
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	2 173	-	-	303	344	41	12.0%	2 173
General vehicles		1 485					-		1 485
Plant & equipment							-		
Computers - hardware/equipment							-		
Furniture and other office equipment							-		
Other		688			303	344	41	12.0%	688
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming							-		
Other							-		
Total Capital Expenditure on new assets	-	48 823	-	5 421	14 509	11 595	(2 914)	-25.1%	48 823

Supporting Table SC13b

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WC032 Overstrand - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	30 547	-	1 969	5 198	5 091	(107)	-2.1%	30 547
Infrastructure - Road transport	-	11 855	-	918	2 110	1 976	(135)	-6.8%	11 855
<i>Roads, Pavements & Bridges</i>		10 355		878	1 810	1 726	(85)	-4.9%	10 355
<i>Storm water</i>		1 500		40	300	250	(50)	-20.0%	1 500
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
<i>Generation</i>									
<i>Transmission & Reticulation</i>									
<i>Street Lighting</i>									
Infrastructure - Water	-	10 492	-	305	1 745	1 749	4	0.2%	10 492
<i>Dams & Reservoirs</i>									
<i>Water purification</i>									
<i>Reticulation</i>		10 492		305	1 745	1 749	4	0.2%	10 492
Infrastructure - Sanitation	-	8 200	-	746	1 343	1 367	24	1.7%	8 200
<i>Reticulation</i>									
<i>Sewerage purification</i>		8 200		746	1 343	1 367	24	1.7%	8 200
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>									
Community	-	8 986	-	450	523	678	155	22.9%	8 986
Parks & gardens									
Sportsfields & stadia		2 065		450	523	344	(178)	-51.8%	2 065
Swimming pools									
Community halls		1 000				167	167	100.0%	1 000
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Cemeteries									
Social rental housing		5 921				167	167	100.0%	5 921
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	-	-	-	-	-	-	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of	-	39 533	-	2 419	5 721	5 769	48	0.8%	39 533

Supporting Table SC13c

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WC032 Overstrand - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	110 372	-	11 046	51 324	55 186	3 862	7.0%	110 372
Infrastructure - Road transport	-	61 852	-	4 698	24 226	30 926	6 699	21.7%	61 852
Roads, Pavements & Bridges	-	55 545	-	4 118	21 146	27 773	6 626	23.9%	55 545
Storm water	-	6 306	-	580	3 080	3 153	73	2.3%	6 306
Infrastructure - Electricity	-	17 747	-	1 855	9 371	8 874	(498)	-5.6%	17 747
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	17 747	-	1 855	9 371	8 874	(498)	-5.6%	17 747
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	16 555	-	1 037	5 824	8 277	2 453	29.6%	16 555
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	16 555	-	1 037	5 824	8 277	2 453	29.6%	16 555
Infrastructure - Sanitation	-	11 672	-	2 150	8 511	5 836	(2 675)	-45.8%	11 672
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	11 672	-	2 150	8 511	5 836	(2 675)	-45.8%	11 672
Infrastructure - Other	-	2 546	-	1 306	3 391	1 273	(2 118)	-166.4%	2 546
Waste Management	-	2 546	-	1 306	3 391	1 273	(2 118)	-166.4%	2 546
Community	-	4 878	-	1 959	5 526	4 339	(1 187)	-27.3%	4 878
Parks & gardens	-	2 214	-	995	2 757	3 007	250	8.3%	2 214
Sportsfields & stadia	-	608	-	125	268	304	36	11.8%	608
Swimming pools	-	557	-	285	655	278	(377)	-135.5%	557
Community halls	-	617	-	304	940	309	(631)	-204.5%	617
Libraries	-	103	-	21	51	51	1	1.2%	103
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Cemeteries	-	28	-	11	30	14	(17)	-119.7%	28
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	751	-	218	824	376	(449)	-119.4%	751
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other assets	-	5 545	-	1 717	4 666	2 773	(1 893)	-68.3%	5 545
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Other Buildings	-	673	-	134	354	336	(18)	-5.3%	673
Other	-	4 872	-	1 583	4 311	2 436	(1 875)	-77.0%	4 872
Agricultural assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expendit	-	120 795	-	14 721	61 515	62 298	783	1.3%	120 795

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Supporting Table SC13d

WC032 Overstrand - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M06 December

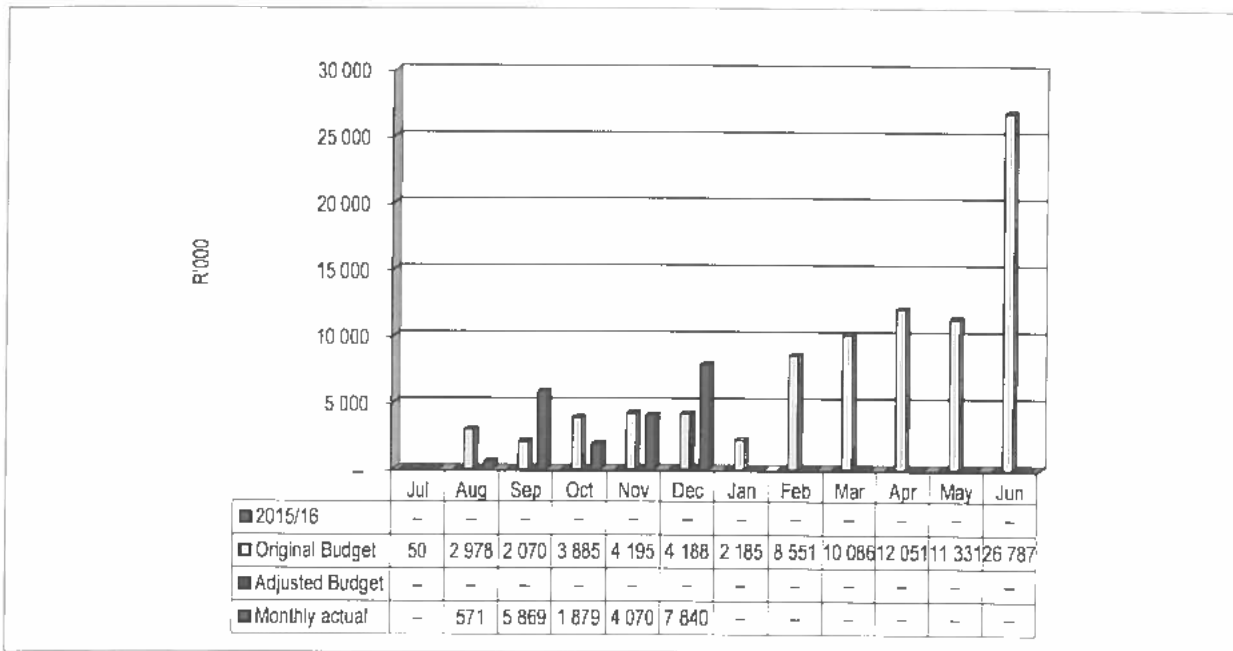
Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Depreciation by Asset Class/Sub-class									
Infrastructure	-	99 505	-	8 292	49 752	49 752	-		99 505
Infrastructure - Road transport	-	34 067	-	2 839	17 033	17 033	-		34 067
Roads, Pavements & Bridges		31 330		2 611	15 665	15 665	-		31 330
Storm water		2 737		228	1 368	1 368	-		2 737
Infrastructure - Electricity	-	21 304	-	1 775	10 652	10 652	-		21 304
Generation							-		
Transmission & Reticulation		21 304		1 775	10 652	10 652	-		21 304
Street Lighting							-		
Infrastructure - Water	-	21 116	-	1 760	10 558	10 558	-		21 116
Dams & Reservoirs							-		
Water purification							-		
Reticulation		21 116		1 760	10 558	10 558	-		21 116
Infrastructure - Sanitation	-	18 002	-	1 500	9 001	9 001	-		18 002
Reticulation		18 002		1 500	9 001	9 001	-		18 002
Sewerage purification							-		
Infrastructure - Other	-	5 015	-	418	2 508	2 508	-		5 015
Waste Management		4 153		346	2 077	2 077	-		4 153
Other		862		72	431	431	-		862
Community	-	3 806	-	317	1 903	1 903	-		3 806
Recreational facilities		3 806		317	1 903	1 903	-		3 806
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	13 190	-	1 099	6 595	6 595	-		13 190
General vehicles							-		
Specialised vehicles	-	-	-	-	-	-	-		-
Plant & equipment							-		
Computers - hardware/equipment							-		
Furniture and other office equipment							-		
Civic Land and Buildings		6 008		501	3 004	3 004	-		6 008
Other Buildings							-		
Other Land							-		
Surplus Assets - (Investment or Inventory)							-		
Other		7 182		599	3 591	3 591	-		7 182
Agricultural assets	-	-	-	-	-	-	-		-
Biological assets	-	-	-	-	-	-	-		-
Intangibles	-	1 190	-	99	595	595	-		1 190
Computers - software & programming							-		
Other		1 190		99	595	595	-		1 190
Total Depreciation	-	117 690	-	9 808	58 845	58 845	-		117 690

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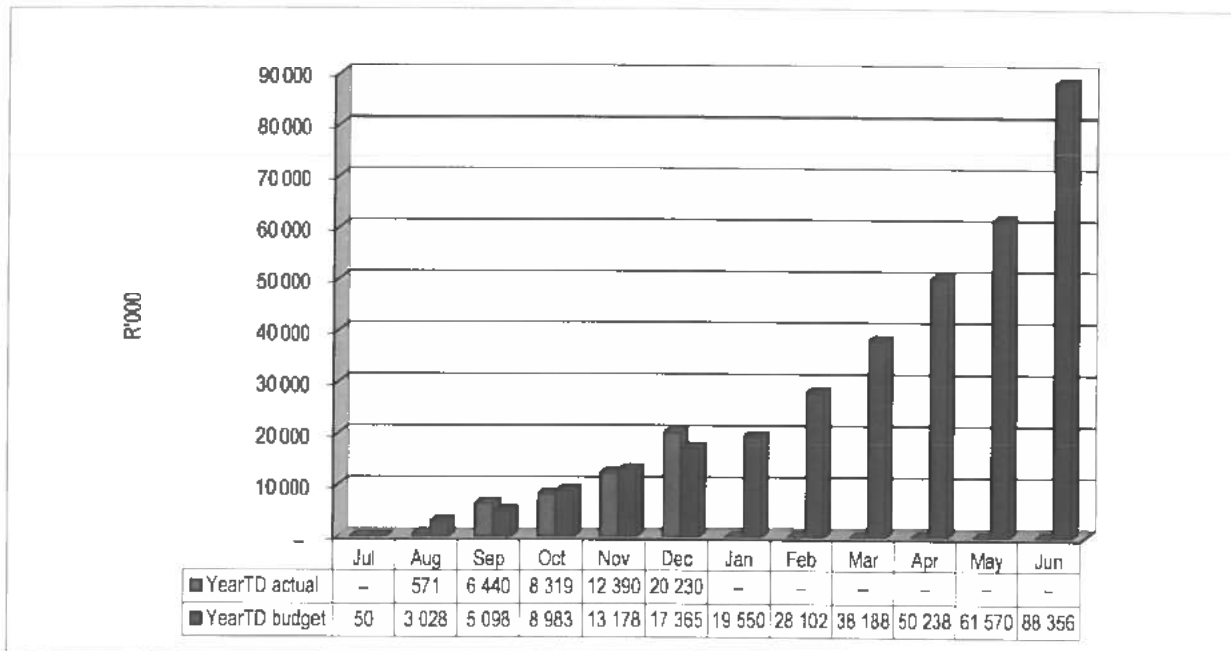
Other supporting documentation

Section 71 charts

Capital expenditure monthly trend - actual vs target

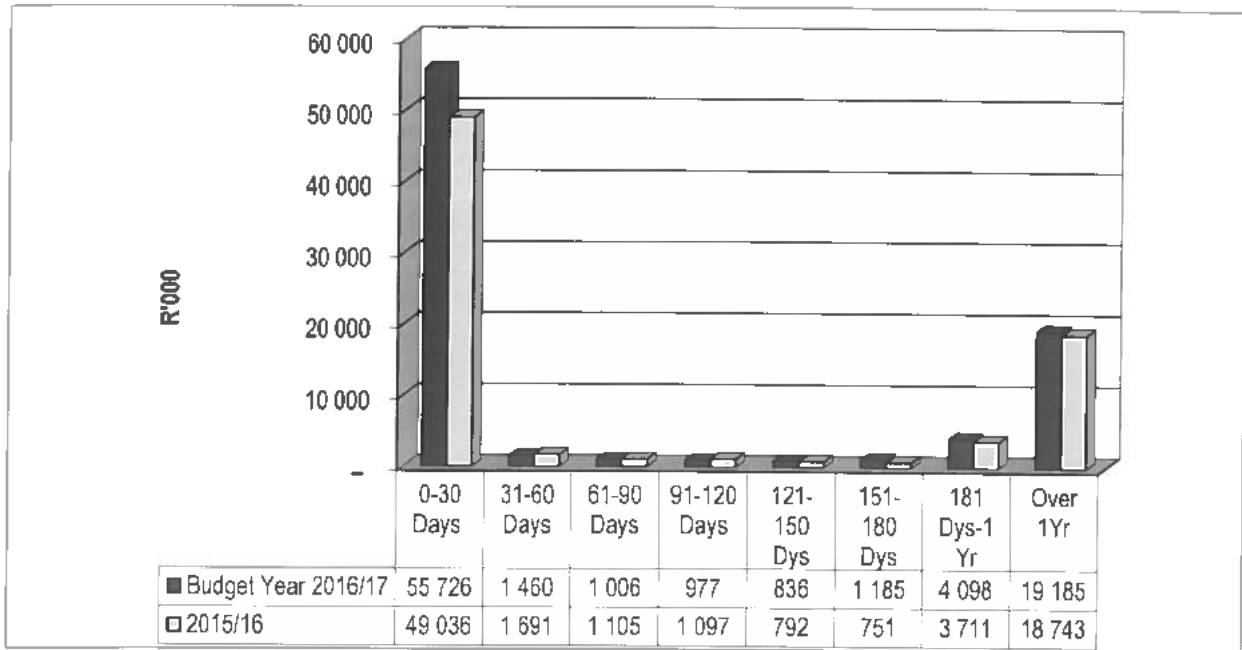


Capital expenditure – YTD actual vs YTD trend

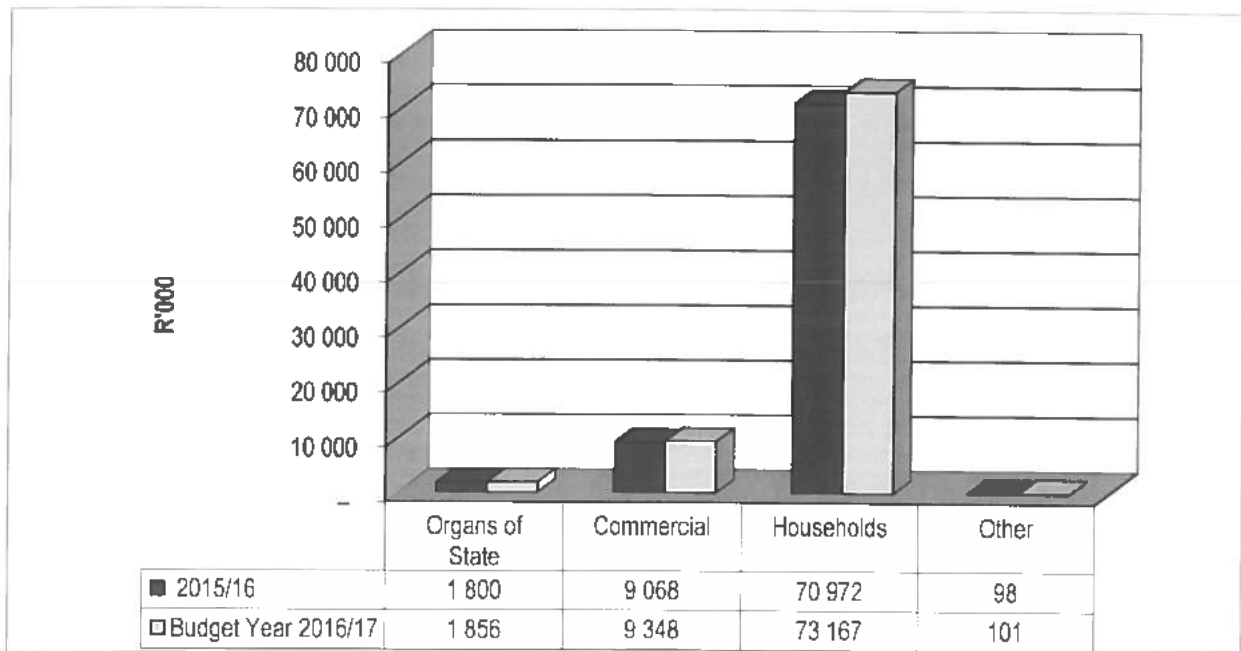


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Debtors Age Analysis

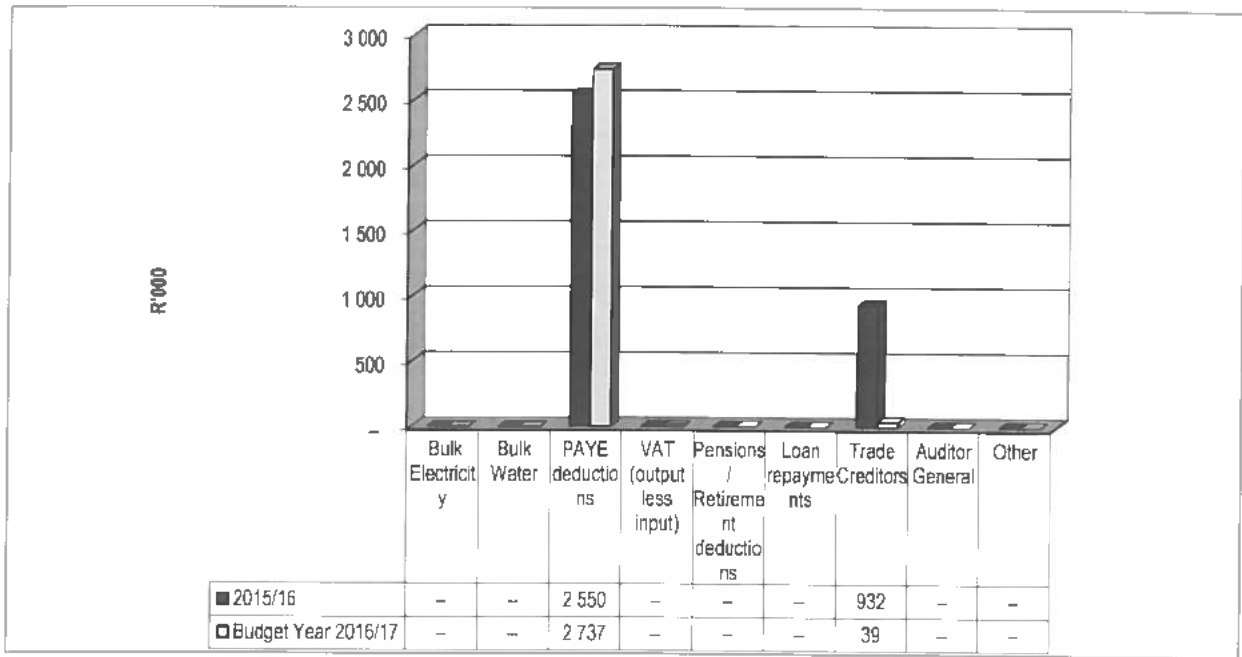


Debtors by Type



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Creditor Payments



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Municipal manager's quality certification

I, CC Groenewald, the Municipal Manager of Overstrand Municipality, hereby certify that the –

• **Quarterly Budget Report**

for the period ending December 2016 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: CC Groenewald

Municipal Manager of Overstrand Municipality (WC032)

A handwritten signature in black ink, appearing to read 'Groenewald', written over a horizontal line. The signature is stylized and somewhat illegible.

Signature:

Date:

16 – 01 – 2017

OVERSTRAND MUNICIPALITY – COMMENTS:

**NATIONAL TREASURY MFMA Circular No. 82 Municipal Finance Management Act No. 56 of 2003
Cost Containment Measures (30 March 2016)**

DECEMBER 2016

This document presents to council the status regarding cost containment measures in terms of MFMA Circular No. 82 Cost Containment Measures.

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of this Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- **Curtailement of overseas trips;**
- **The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting **permission to travel either locally or abroad:** i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;**
- **The institutionalization of further restrictions on conferences, catering, entertainment and social functions.**

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

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Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of this circular presents cost containment measures that accounting officers and chief finance officers must consider, in order to contain operational costs and eliminate non-essential expenditure. In addition, municipalities are advised to refer to **MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending**. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Reference in Circular 82	Overstrand Mun Response
In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.	Comply. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).
Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.	

Municipalities are reminded that the National Treasury will soon be conducting municipal budget benchmark engagements with non-delegated municipalities during which **all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.**

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public Accounts Committee for review and recommendations to Council on additional measures to be taken.

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The contents of this Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

Reference in Circular 82	Overstrand Mun Comments
<ul style="list-style-type: none"> Municipalities adopt this Circular together with their annual budgets; 	<ul style="list-style-type: none"> The Circular was included in the budget documentation to Council end of May 2016
<ul style="list-style-type: none"> Municipalities are advised to review other finance related policies to ensure consistency with this Circular; 	<ul style="list-style-type: none"> The Circular was included in the final 2016/2017 Budget documentation that served before Council on 25 May 2016
<ul style="list-style-type: none"> Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures; Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community. 	<ul style="list-style-type: none"> This document to be included in the quarterly budget report to Council.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni Kenneth Brown Jayce Nair

Intergovernmental Relations Chief Procurement Officer Acting Accountant-General

TV PILLAY

CHIEF DIRECTOR: MFMA IMPLEMENTATION

30 MARCH 2016

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Annexure A – Cost Containment Measures (Overstrand Municipality comments noted in the second column):

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others;

engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its -

<ul style="list-style-type: none"> • employees and • through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions. 	<ul style="list-style-type: none"> • Noted • The Circular was included in the budget documentation to Council end of May 2016; • The cost containment measures referred to in Circular 70 of 4 December 2013 was addressed and included as Annexure H (Budget Circulars), in the Draft Budget as tabled and made available for public participation and comments.
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Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to

- management and council on progress on a regular basis.
- The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

<ul style="list-style-type: none"> • Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required. • Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality. • Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those: <ul style="list-style-type: none"> ○ determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA); 	<p>Contents of the circular are noted; Appointment of consultants in terms of services required and listed.</p>
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<ul style="list-style-type: none"> ○ set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or ○ Prescribed by the body regulating the profession of the consultant. <ul style="list-style-type: none"> • Ensure an exacting “specification” of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored. • Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary. • It is mandatory that accounting officers of municipalities and municipal entities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices. • Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates. • Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs. • If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions: <ul style="list-style-type: none"> a) Hotel accommodation may not exceed the amount mentioned in this Circular; b) Only economy class air tickets may be purchased for flights; c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular; d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time. • Municipalities are urged to develop consultancy reduction plans. • Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality’s SCM policy. 	
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2. Travel and subsistence

<p>The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.</p> <p><u>Net and Non-Commissionable Rates</u></p> <p>All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.</p> <p><u>Rebates, Overrides, Volume based income</u></p>	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962).
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<p>In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.</p>	<p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.</p>
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2.1 National Travel Policy

The Treasury will implement a Government Travel Policy as of 1 April 2016. This will be available on the OCPO's website:

(http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx)

2.2 Air Travel

<ul style="list-style-type: none"> • Treasury has negotiated with the two "Full Service Carriers", i.e. SAA and BA for discounted rates for government officials for domestic air travel. (These rates are not applicable for International Air Travel.). • For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • Treasury will be entering into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016 in the interim, where after the agreements will be reviewed with a view of longer term applicability. • The premise of Best Fare on the Day will be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Other Low Cost Carriers may also be requested for quotations. Please note that all discounted rates are subject to class availability. • Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a</p>
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- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

full understanding of this Policy and which are not dealt with adequately herein.

2.3 Domestic Hotel Accommodation

National Treasury has negotiated maximum allowable rates with four hotel groups. A non-exclusive MOU is being entered into with the hotels over a period of six months from 1 April to 30 September 2016 while National Treasury prepares for an open bid process. The hotels are as follows, Premier Group, Protea Hotels, City Lodge and Tsogo Sun. The instruction to travel agents must be to obtain quotes from each of the four hotels; however it is not necessarily limited to them as accommodation depends on availability, locality and rates, which could be lower. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Accommodation Grid			
Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drink at Dinner
Graded Hotel	BAND 1	BAND 2	BAND 3
1 Star property	R580.00	R710.00	R855.00
2 Star property	R900.00	R1,030.00	R1,230.00
3 Star property	R1,100.00	R1,200.00	R1,400.00
4 Star property	R1,250.00	R1,350.00	R1,550.00
5 Star property	R2,100.00	R2,200.00	R2,500.00
Bed & Breakfast or Guest house	BAND 1	BAND 2	BAND 3
1 Star property	-	R180.00	R270.00
2 Star property	-	R250.00	R350.00
3 Star property	-	R400.00	R520.00
4 Star property	-	R600.00	R750.00
5 Star property	-	R800.00	R975.00
S&T Allowance	BAND 1	BAND 2	BAND 3
Breakfast	R120.00	-	-
Lunch	R120.00	R120.00	-
Dinner	R150.00	R150.00	-
Total as per TP	R390.00	R270.00	-

S&T Claims accepted based on Travel Policy, detail include Parking, Laundry and Wi Fi.
Important Note: All other costs incurred are for the individual's account.
Note: Consideration should be given to include such a table in policies.

- Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:

- South African Revenue Services (SARS)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- South African Local Government Association (SALGA)
- Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
- Income Tax Act, 1962 (Act No. 58 of 1962).

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

2.4 Vehicle Hire

<ul style="list-style-type: none"> • Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles; • Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle. • Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services. • Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B. • Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.</p>
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3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

<p>A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:</p> <ul style="list-style-type: none"> • contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed; • contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure; • contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget; • non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public; • non-compliance with the supply chain management regulations; and • undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices. 	<ul style="list-style-type: none"> • Overstrand Municipality does not allow the use of credit and debit cards.
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While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.	<ul style="list-style-type: none"> • Noted
Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.	<ul style="list-style-type: none"> • Noted

4 Catering costs

<ul style="list-style-type: none"> • Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more: <ol style="list-style-type: none"> a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings; b) Meetings related to commissions or committees of inquiry; or c) Meetings hosted by the board of directors of municipal entities, including governance committee meetings. • Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount. • Do not incur expenses on alcoholic beverages. • Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors. • Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either: <ol style="list-style-type: none"> (a) proceeding on retirement due to ill health; or (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service. • Accounting officers and accounting authorities may not host farewell functions for employees who have: <ol style="list-style-type: none"> (a) been dismissed; (b) elected to resign or leave by accepting severance packages; or (c) Approached the end of their contractual term. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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5 Events, advertising and sponsorships

<ul style="list-style-type: none"> • Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration. • Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community. • Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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6 Conferences, meetings, study tours, etc.

<ul style="list-style-type: none"> • Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount. • Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable. • Conferences abroad must be limited to its ultimate minimum or none at all. • Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction. • Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand. • The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures. • Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures
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7 Office furnishing

<ul style="list-style-type: none"> • Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged. • Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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8 Staff study, perks and suspension costs

<ul style="list-style-type: none"> • Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money. • Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped. • Encourage staff to take time off to make up for overtime worked. • Planned overtime must be submitted to management for consideration on a monthly basis. • Unplanned overtime worked must be motivated and approved by management. • Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated. • Constant management of staff, improvements in productivity levels and feedback must be provided to all staff. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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9 Cost containment on other related expenditure items

<ul style="list-style-type: none"> • Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated. 	<ul style="list-style-type: none"> • Consideration as part of strategic sourcing.
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<ul style="list-style-type: none"> • Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided. • Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies. • Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred. • Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount. • Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection. • Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts. • Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones. • Labour saving devices should be shared to optimize the capacity utilization of each device. • Purchasing of newspapers and other publications for municipal employees to limited and stopped. • Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use. • All other cost containment measures introduced by council are also encouraged and supported. 	<ul style="list-style-type: none"> • Noted and in compliance, with constant consideration of opportunities to ensure cost containment.
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NATIONAL TREASURY

MFMA Circular No. 82

Municipal Finance Management Act No. 56 of 2003

Cost Containment Measures (updated November 2016)

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

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Background

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- Curtailment of overseas trips;
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting permission to travel either locally or abroad: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of further restrictions on conferences, catering, entertainment and social functions.

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in

government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of this circular presents cost containment measures that accounting officers and chief finance officers must consider in order to contain operational costs and eliminate non-essential expenditure. In addition, municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.

Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.

Municipalities are reminded that the National Treasury will soon be conducting municipal budget benchmark engagements with non-delegated municipalities during which all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public

Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of this Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities adopt this Circular together with their annual budgets;
- Municipalities are advised to review other finance related policies to ensure consistency with this Circular;
- Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures;
- Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni
Intergovernmental Relations

Kenneth Brown
Chief Procurement Officer

Jayce Nair
Acting Accountant-General

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post **Private Bag X115, Pretoria 0001**

Phone **012 315 5850**

Fax **012 315 5230**

Email – General **mfma@treasury.gov.za**

Website **www.treasury.gov.za/mfma**

TV PILLAY
CHIEF DIRECTOR: MFMA IMPLEMENTATION
30 MARCH 2016

Annexure A – Cost Containment Measures

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others; engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its employees and through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions.

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to management and council on progress on a regular basis. The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

- Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.
- Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.
- Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:
 - determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA);
 - set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or
 - Prescribed by the body regulating the profession of the consultant.
- Ensure an exacting "specification" of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored.
- Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
- It is mandatory that accounting officers of municipalities and municipal entities conclude on the best "value for money", i.e. matching fees against quality and against benchmarked practices.
- Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates.
- Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs.

- If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions:
 - a) Hotel accommodation may not exceed the amount mentioned in this Circular;
 - b) Only economy class air tickets may be purchased for flights;
 - c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular;
 - d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- Municipalities are urged to develop consultancy reduction plans.
- Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy.

2. Travel and subsistence

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.

Net and Non-Commissionable Rates

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

Rebates, Overrides, Volume based income

In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.

2.1 National Travel Policy

The National Treasury will issue a National Travel Policy framework during December 2016.

(http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx)

2.2 Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business


Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.

- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. .
- The premise of “Best Fare on the Day” should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.
- In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

2.3 Domestic Hotel Accommodation

National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150
<p><i>Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.</i></p> <p><i>*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.</i></p> <p><i>Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.</i></p> <p><i>**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.</i></p>			

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.

- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.
- Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

2.4 Vehicle Hire

- Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles;
- Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle.
- Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services.
- Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B.
- Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme.

3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and

- undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

4 Catering costs

- Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more:
 - a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings;
 - b) Meetings related to commissions or committees of inquiry; or
 - c) Meetings hosted by municipal councils and the board of directors of municipal entities, including governance committee meetings.
- Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount.
- Do not incur expenses on alcoholic beverages.
- Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors.
- Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either:
 - (a) proceeding on retirement due to ill health; or
 - (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service.
- Accounting officers and accounting authorities may not host farewell functions for employees who have:
 - (a) been dismissed;
 - (b) elected to resign or leave by accepting severance packages; or
 - (c) Approached the end of their contractual term.

5 Events, advertising and sponsorships

- Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.

- Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community.
- Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.

6 Conferences, meetings, study tours, etc.

- Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. In instances where the cost exceeds this amount, officials must obtain prior approval from the accounting officer. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount.
- Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable.
- Conferences abroad must be limited to its ultimate minimum or none at all.
- Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction.
- Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand.
- The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
- Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.

7 Office furnishing

- Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged.
- Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment.

8 Staff study, perks and suspension costs

- Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money.
- Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped.
- Encourage staff to take time off to make up for overtime worked.
- Planned overtime must be submitted to management for consideration on a monthly basis.
- Unplanned overtime worked must be motivated and approved by management.
- Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated.
- Constant management of staff, improvements in productivity levels and feedback must be provided to all staff.

9 Cost containment on other related expenditure items

- Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated.
- Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided.
- Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies.
- Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred.
- Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount.
- Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts.
- Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones.
- Labour saving devices should be shared to optimize the capacity utilization of each device.
- Purchasing of newspapers and other publications for municipal employees to limited and stopped.
- Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use.

-
- All other cost containment measures introduced by council are also encouraged and supported.

Annexure B: BA/COMAIR and SAA Deal Codes per Municipality

Municipalities and municipal entities should use the following codes when requesting quotes from BA/COMAIR.

MUNICIPALITIES	
NAME	DEAL CODE
EASTERN CAPE	
Alfred Nzo District Municipality Matatiele, Mbizana, Ntabankulu and uMzimvubu	1020907
Amathole District Municipality Amahlathi, Mquma, Ngqushwa, Raymond Mhlaba, Mbashe and Great Kei,	1020906
Buffalo City Metropolitan Municipality	1020901
Chris Hani District Municipality Emalaheni, Engcobo, Intsika, Inxuba, Sakhisizwe and Enoch Mgijima	1020908
Joe Gqabi District Municipality Elundini, Walter Sisulu and Senqu	1020909
Nelson Mandela Bay Metropolitan Municipality	1020899
OR Tambo District Municipality Ingquza Hill, King Sabata Dalindyebo, Mhlontlo, Nyandeni and Port St Johns	1020903
Sarah Baartman District Municipality Dr Beyers Naudé, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kouga and Kou-kamma	1020921
FREE STATE	
Fezile Dabi District Municipality Mafube, Mqhaka, Metsimaholo and Ngwathe	1020922
Lejweleputswa District Municipality Masilonyana, Matjhabeng, Nala, Tokologo and Tswelopele	1020923
Mangaung Metropolitan	1020923
Thabo Mafutsanyana District Dihlabeng, Maluti - a- Phofung, Mantsopa, Nketoana, Phumelela and Setsoto	1020924
Xhariep District Kopanong, Letsemeng and Mohokare	1020925
GAUTENG	
City of Johannesburg Metropolitan	1020900
City of Tshwane Metropolitan	1020898
Ekurhuleni Metropolitan	1020904
Sedibeng District Emfuleni, Lesedi and Midvaal	1020926
West Rand District Merafong, Mogale City, Rand West	1020927
KWAZULU-NATAL	
eThekweni Metropolitan	1008810
iLembe District Municipality KwaDukuza, Mandeni, Maphumulo and Ndwedwe	1020929
Harry Gwala District Municipality Greater Kokstad, Uhlbezwe, Umzimkhulu and Dr Nkosazana Dlamini Zuma	1020835

MUNICIPALITIES	
NAME	DEAL CODE
Ugu District Municipality uMdoni, Umzumbe, uMuziwabantu and Ray Nkonyeni	1020836
uMgungundlovu District Municipality KZN uMshwathi, uMngeni, Mpfana, Impendle, Msunduzi, Mkhambathini and Richmond	1020837
uMkhanyakude District Municipality KZN Umhlabuyalingana, Jozini, Mtubatuba and Big Five Hlabisa	1020838
uMzinyathi District Municipality KZN Endumeni, Nquthu, Msinga, Umvoti	1020839
uThukela District Municipality Okhahlamba, iNkosi Langalibalele and Alfred Duma	1020840
King Cetshwayo district Municipality uMfolozi, uMhlathuze, uMlalazi, Mthonjaneni and Nkandla	1020841
Zululand District Municipality KZN eDumbe, uPhongolo, Abaqulusi, Nongoma and Ulundi	1020842
LIMPOPO	
Capricon District Municipality Blouberg, Lepelle-Nkumpi, Molemole and Polokwane	1020843
Mopani District Municipality Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen and Maruleng	1020844
Sekhukhune District Municipality LM Ephraim Mogale, Elias Motsoaledi, Makhuduthamaga and LIM476	1020845
Vhembe District Municipality LM Musina, Thulamela, Makhado and LIM345	1020846
Waterberg District Municipality Thabazimbi, Lephalale, Bela Bela, Mogalakwena and LIM 368	1020847
MPUMALANGA	
Ehlanzeni District Municipality Thaba Chweu, Nkomazi, Bushbuckridge and City of Mbombela	1020902
Gert Sibande District Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Mkhondo, Msukaigwa and Pixley Ka Isaka Seme	1020848
Nkangala District Dr JS Moroka, Emakhazeni, Emalahleni, Steve Tshwete, Thembisile Hani and Victor Khanye	1020849
NORTH WEST	
Bojanala Platinum District Kgetlengriver, Madibeng, Moretele, Moses Kotane and Rustenburg	1020850
Dr Kenneth Kaunda District Municipality City of Matlosana, Maquassi and NW405	1020851
Dr Ruth Segomotsi Mompati District Municipality Greater Taung, Kagisano-Molopo, Lekwa-Teemane, Mamusa and Naledi	1020852
Ngaka Modiri Molema District Municipality Ditsobotla, Mahikeng, Ramotshere, Ratlou and Tswaing	1020853
NORTHERN CAPE	
John Taolo Gaetsewe Ga-Segonyana, Joe Morolong and Gamagara	1020909
Namakwa	1020856

MUNICIPALITIES	
NAME	DEAL CODE
Hantam, Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khoi and Richtersveld	
Pixley Ka Seme Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu	1020857
ZF Mgcawu !Kai! Garib, !Kheis, Tsantsabane, Kgatelopele and Dawid Kruiper	1020858
WESTERN CAPE	
Cape Winelands District Municipality Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg	1020859
Central Karoo District Municipality Beaufort West, Laingsburg and Prince Albert	1020859
City of Cape Town Metro	1008771
Eden District Municipality Bitou, George, Hessequa, Kannaland, Kynsna, Mossel Bay and Oudtshoorn	1020861
Overberg District Municipality Cape Agulhas, Overstrand, Swellendam and Theewaterskloof	1020862
West Coast District Municipality Bergvriër, Cederberg, Matzikama, Swartland and Saldanha Bay	1020863

Municipalities and municipal entities not listed above should use the following details to contact BA/Comair to obtain a deal code:

Contact Details

Nangamso Letlape: National Account Manager: Government
Nan.letlape@comair.co.za

Municipalities and municipal entities should use the following deal code when requesting quotations from SAA: CK3828. In order to arrange access to the deal codes, travel management companies servicing municipalities and municipal entities should contact the following SAA representatives:

Contact Details

Eastern Cape: Tracy Mentzel (tracymentzel@flysaa.com)
 Western Cape: Enid Sinequan (enidsinequan@flysaa.com)
 KwaZulu-Natal: Kriba Govender (kribagovender@flysaa.com)
 All other provinces: Mark Steele (marksteele@flysaa.com)