

**7.
BUDGET REPORT FOR THE QUARTER ENDED SEPTEMBER 2017****5/1/19-2017/2018
BA King
12 October 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.

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 September 2017

Annexure B: Cost Containment Measures September 2017

RECOMMENDATION TO THE COUNCIL:

that the budget report for the quarter ended September 2017, 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**

ANNEXURE A1/36

OVERSTRAND MUNICIPALITY



Quarterly Budget Report

September 2017

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.

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.

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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 first quarter ended 30 September 2017 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

None, from a budget implementation perspective. All the major sources of revenue are currently within acceptable norms.

1.1.3 Other relevant information

The 2017/2018 Budget was compiled according to version 6.1 of the mSCOA classification framework. The below results reflects the first quarter's financial position.

YTD Actual operating revenue at the end of the first quarter for 2017/2018 is at 26.51% of the budgeted revenue. The expenditure reflects spending of 20.21% against the budgeted expenditure. Capital expenditure amounts to R11.8m, or 12.09% of the total original budget of R97.6m, at the end of September 2017.

No adjustments budget was tabled in this quarter.

Outstanding consumer debtors remain stable and only reflect the year-on-year increase from increased tariffs as from 1 July 2017.

The positive cash flow remains stable with no indication of a decline.

Resolutions

IN-YEAR REPORTS 2017/2018

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

RECOMMENDATION:

That the report for the quarter ended September 2017, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003, **be noted**.

Executive Summary

As the Auditor General has not yet completed the audit of the 2016/2017 financial statements the 'Audited Outcome' for 2016/2017 will only be included after the audit is completed.

Revenue by Source

The Year-to-Date actual revenue is 1.13% above the YTD budget projections at the end of September 2017.

Borrowings

The balance of borrowings amounts to R436.8m at the end of September 2017.

Operating expenditure by vote & type

Current expenditure is 2.02% below YTD budget projections as at September 2017.

Capital expenditure

YTD Capital expenditure amounts to R11.8m or 12.09% of the original budget of R97.6m. The current capital commitments of orders in progress amounts to R13.9m or 14.24% of the original capital budget of R97.6m.

Cash flows

The municipality started the year with a positive cash balance of R259.8 million. The September closing balance is R264.9 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

Grants totaling R5.3m was received during September 2017.

Spending on Grants

Spending on grants amounts to R5.8m for September 2017 which includes FMG, EPWP, MIG, Provincial Library Grant & Housing.

Material variances

The table below summarises variances for projected revenue and expenditure.

WC032 Overstrand - Supporting Table SC1 Material variance explanations - M03 September			
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue By Source			
Total	1.13%		
Expenditure By Type			
Total	-2.02%		
Capital Expenditure			
	115.27%	Capital Commitments = R13.9m	
Financial Position			
In order			
Cash Flow			
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 - M03 September

Description	2016/17	Budget Year 2017/18							
	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	-	212 784	-	17 389	55 594	55 413	181	0%	212 784
Service charges	-	577 648	-	48 383	146 273	144 023	2 250	2%	577 648
Investment revenue	-	13 962	-	1 748	4 030	3 840	190	5%	13 962
Transfers and subsidies	-	113 688	-	864	37 439	37 439	-	-	113 688
Other own revenue	-	75 134	-	6 386	19 946	19 626	320	2%	75 134
Total Revenue (excluding capital transfers and contributions)	-	993 217	-	74 769	263 283	260 341	2 942	1%	993 217
Employee costs	-	333 225	-	24 204	69 801	70 746	(945)	-1%	333 225
Remuneration of Councillors	-	10 053	-	798	2 395	2 513	(118)	-5%	10 053
Depreciation & asset impairment	-	130 287	-	10 857	32 572	32 572	0	0%	130 287
Finance charges	-	47 440	-	2 272	2 991	2 991	-	-	47 440
Materials and bulk purchases	-	261 093	-	27 302	54 999	55 965	(966)	-2%	261 093
Transfers and subsidies	-	1 778	-	424	572	572	-	-	1 778
Other expenditure	-	253 926	-	18 556	46 402	48 691	(2 289)	-5%	253 926
Total Expenditure	-	1 037 801	-	84 414	209 730	214 049	(4 319)	-2%	1 037 801
Surplus/(Deficit)	-	(44 584)	-	(9 645)	53 553	46 292	7 261	16%	(44 584)
Transfers and subsidies - capital (monetary at	-	47 840	-	4 898	8 474	8 474	-	-	47 840
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	3 256	-	(4 748)	62 027	54 766	7 261	13%	3 256
Surplus/(Deficit) for the year	-	3 256	-	(4 748)	62 027	54 766	7 261	13%	3 256
Capital expenditure & funds sources									
Capital expenditure	-	97 648	-	5 773	11 814	5 488	6 326	115%	97 648
Capital transfers recognised	-	47 840	-	4 913	8 490	3 620	4 870	135%	47 840
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	30 000	-	434	2 825	1 125	1 700	151%	30 000
Internally generated funds	-	19 808	-	426	499	743	(244)	-33%	19 808
Total sources of capital funds	-	97 648	-	5 773	11 814	5 488	6 326	115%	97 648
Financial position									
Total current assets	-	352 438	-	-	364 704	-	-	-	352 438
Total non current assets	-	3 681 110	-	-	3 688 730	-	-	-	3 681 110
Total current liabilities	-	186 466	-	-	168 092	-	-	-	186 466
Total non current liabilities	-	638 205	-	-	626 439	-	-	-	638 205
Community wealth/Equity	-	3 208 877	-	-	3 258 903	-	-	-	3 208 877
Cash flows									
Net cash from (used) operating	-	123 839	-	(33 661)	23 991	24 364	374	2%	123 839
Net cash from (used) investing	-	(103 656)	-	(6 208)	(12 982)	(12 982)	-	-	(103 656)
Net cash from (used) financing	-	2 810	-	(18 546)	(5 839)	(5 839)	-	-	2 810
Cash/cash equivalents at the month/year end	-	214 936	-	-	254 984	197 487	(67 497)	-34%	282 806
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	58 699	1 721	1 250	880	799	608	3 309	21 003	88 270
Creditors Age Analysis									
Total Creditors	3 098	-	-	-	-	-	-	-	3 098

Table C2: Monthly Budget Statement – Financial Performance (standard classification)**WC032 Overstrand - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September**

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
<i>Governance and administration</i>	-	262 309	-	20 076	71 880	67 405	4 475	7%	262 309
Executive and council	-	21 759	-	20	8 895	5 425	3 470	64%	21 759
Finance and administration	-	240 502	-	20 056	62 985	61 980	1 005	2%	240 502
Internal audit	-	48	-	-	-	-	-	-	48
<i>Community and public safety</i>	-	59 370	-	3 525	10 501	14 926	(4 425)	-30%	59 370
Community and social services	-	9 557	-	637	1 828	2 389	(561)	-23%	9 557
Sport and recreation	-	10 558	-	1 031	2 403	2 723	(320)	-12%	10 558
Public safety	-	2 928	-	20	714	732	(18)	-2%	2 928
Housing	-	36 327	-	1 837	5 556	9 082	(3 526)	-39%	36 327
<i>Economic and environmental services</i>	-	56 638	-	5 247	14 026	13 861	165	1%	56 638
Planning and development	-	11 967	-	922	2 817	2 699	118	4%	11 967
Road transport	-	44 650	-	4 325	11 210	11 162	47	0%	44 650
Environmental protection	-	22	-	-	-	-	-	-	22
<i>Trading services</i>	-	662 740	-	50 818	175 350	172 622	2 727	2%	662 740
Energy sources	-	370 050	-	29 702	101 308	101 147	161	0%	370 050
Water management	-	130 926	-	8 268	29 471	31 034	(1 563)	-5%	130 926
Waste water management	-	91 423	-	8 082	24 093	22 856	1 237	5%	91 423
Waste management	-	70 340	-	4 765	20 477	17 585	2 892	16%	70 340
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	-	1 041 057	-	79 666	271 757	268 815	2 942	1%	1 041 057
Expenditure - Functional									
<i>Governance and administration</i>	-	211 792	-	17 458	47 156	48 332	(1 177)	-2%	211 792
Executive and council	-	48 861	-	3 404	12 615	12 428	186	1%	48 861
Finance and administration	-	160 383	-	13 885	34 033	35 384	(1 351)	-4%	160 383
Internal audit	-	2 548	-	169	508	520	(12)	-2%	2 548
<i>Community and public safety</i>	-	113 495	-	6 085	16 268	17 687	(1 418)	-8%	113 495
Community and social services	-	14 904	-	1 052	2 860	3 096	(236)	-8%	14 904
Sport and recreation	-	42 993	-	2 787	7 181	8 111	(930)	-11%	42 993
Public safety	-	30 817	-	2 013	5 542	5 795	(253)	-4%	30 817
Housing	-	24 781	-	233	685	685	-	-	24 781
<i>Economic and environmental services</i>	-	193 013	-	13 246	39 438	39 575	(137)	0%	193 013
Planning and development	-	36 431	-	2 666	7 528	7 616	(88)	-1%	36 431
Road transport	-	150 568	-	10 181	30 882	30 768	114	0%	150 568
Environmental protection	-	6 014	-	398	1 029	1 192	(163)	-14%	6 014
<i>Trading services</i>	-	518 289	-	47 556	106 707	108 227	(1 520)	-1%	518 289
Energy sources	-	282 999	-	30 884	64 934	64 858	76	0%	282 999
Water management	-	104 872	-	8 748	17 921	18 922	(1 001)	-5%	104 872
Waste water management	-	73 606	-	4 054	13 123	13 612	(489)	-4%	73 606
Waste management	-	56 813	-	3 870	10 730	10 836	(106)	-1%	56 813
<i>Other</i>	-	1 213	-	69	161	227	(67)	-29%	1 213
Total Expenditure - Functional	-	1 037 801	-	84 414	209 730	214 049	(4 319)	-2%	1 037 801
Surplus/ (Deficit) for the year	-	3 256	-	(4 748)	62 027	54 766	7 261	13%	3 256

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) - M03 September

Vote Description	2016/17	Budget Year 2017/18							
	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	-	21 675	-	17	8 889	5 419	3 470	64.0%	21 675
Vote 2 - Municipal Manager	-	48	-	-	-	-	-	-	48
Vote 3 - Management Services	-	194	-	24	72	36	36	101.2%	194
Vote 4 - Finance	-	239 556	-	19 992	62 799	61 941	858	1.4%	239 556
Vote 5 - Community Services	-	319 477	-	23 815	79 576	80 115	(540)	-0.7%	319 477
Vote 6 - Local Economic Development	-	3 900	-	240	490	775	(286)	-36.9%	3 900
Vote 7 - Infrastructure & Planning	-	414 615	-	32 223	109 069	109 809	(741)	-0.7%	414 615
Vote 8 - Protection Services	-	41 592	-	3 354	10 864	10 720	144	1.3%	41 592
Total Revenue by Vote	-	1 041 057	-	79 666	271 757	268 815	2 942	1.1%	1 041 057
Expenditure by Vote									
Vote 1 - Council	-	25 959	-	1 971	8 296	8 315	(19)	-0.2%	25 959
Vote 2 - Municipal Manager	-	5 000	-	335	976	1 008	(32)	-3.2%	5 000
Vote 3 - Management Services	-	50 326	-	4 333	10 485	10 703	(218)	-2.0%	50 326
Vote 4 - Finance	-	73 025	-	6 692	15 400	16 230	(830)	-5.1%	73 025
Vote 5 - Community Services	-	384 996	-	26 570	72 832	73 831	(1 000)	-1.4%	384 996
Vote 6 - Local Economic Development	-	10 076	-	843	1 915	1 970	(55)	-2.8%	10 076
Vote 7 - Infrastructure & Planning	-	407 638	-	38 256	83 929	85 878	(1 949)	-2.3%	407 638
Vote 8 - Protection Services	-	80 782	-	5 414	15 897	16 114	(217)	-1.3%	80 782
Total Expenditure by Vote	-	1 037 801	-	84 414	209 730	214 049	(4 319)	-2.0%	1 037 801
Surplus/ (Deficit) for the year	-	3 256	-	(4 748)	62 027	54 766	7 261	13.3%	3 256

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.

Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

WC032 Overstrand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	2016/17	Budget Year 2017/18							
	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		212 784		17 389	55 594	55 413	181	0%	212 784
Service charges - electricity revenue		339 249		29 682	90 555	89 760	795	1%	339 249
Service charges - water revenue		114 494		8 206	24 468	23 853	615	3%	114 494
Service charges - sanitation revenue		67 869		5 688	16 821	16 402	419	3%	67 869
Service charges - refuse revenue		55 388		4 759	14 286	13 847	439	3%	55 388
Rental of facilities and equipment		4 933		659	1 672	1 439	234	16%	4 933
Interest earned - external investments		13 962		1 748	4 030	3 840	190	5%	13 962
Interest earned - outstanding debtors		3 203		249	985	934	50	5%	3 203
Fines, penalties and forfeits		33 260		2 937	8 742	8 315	427	5%	33 260
Licences and permits		2 374		170	562	594	(32)	-5%	2 374
Agency services		3 419		276	912	855	58	7%	3 419
Transfers and subsidies		113 688		864	37 439	37 439	-		113 688
Other revenue		27 946		2 068	6 569	6 987	(417)	-6%	27 946
Gains on disposal of PPE				27	504	504	-		
Total Revenue (excluding capital transfers and contributions)	-	993 217	-	74 769	263 283	260 341	2 942	1%	993 217
Expenditure By Type									
Employee related costs		333 225		24 204	69 801	70 746	(945)	-1%	333 225
Remuneration of councillors		10 053		798	2 395	2 513	(118)	-5%	10 053
Debt impairment		22 792		1 899	5 698	5 698	-		22 792
Depreciation & asset impairment		130 287		10 857	32 572	32 572	0	0%	130 287
Finance charges		47 440		2 272	2 991	2 991	-		47 440
Bulk purchases		211 447		25 965	52 082	52 862	(780)	-1%	211 447
Other materials		49 647		1 337	2 917	3 103	(186)	-6%	49 647
Contracted services		173 424		10 400	25 406	27 603	(2 197)	-8%	173 424
Transfers and subsidies		1 778		424	572	572	-		1 778
Other expenditure		57 710		6 257	15 297	15 389	(92)	-1%	57 710
Loss on disposal of PPE							-		
Total Expenditure	-	1 037 801	-	84 414	209 730	214 049	(4 319)	-2%	1 037 801
Surplus/(Deficit)	-	(44 584)	-	(9 645)	53 553	46 292	7 261	16%	(44 584)
Transfers and subsidies - capital (monetary allocations) (National)		47 840		4 898	8 474	8 474	-		47 840
Transfers and subsidies - capital (in-kind - all)							-		
Surplus/(Deficit) after capital transfers & Taxation	-	3 256	-	(4 748)	62 027	54 766	-	-	3 256
Surplus/(Deficit) after taxation	-	3 256	-	(4 748)	62 027	54 766	-	-	3 256
Surplus/(Deficit) attributable to municipality	-	3 256	-	(4 748)	62 027	54 766	-	-	3 256
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	-	3 256	-	(4 748)	62 027	54 766	-	-	3 256

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 1.13% above the YTD budget.

Current expenditure is 2.02% below YTD budget projections for September 2017.

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

WC032 Overstrand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description	2016/17	Budget Year 2017/18							
	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	-	45 963	-	4 898	8 474	3 233	5 242	162%	45 963
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	14 000	-	434	2 825	1 692	1 134	67%	14 000
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	-	59 963	-	5 331	11 300	4 925	6 375	129%	59 963
Total Capital Expenditure	-	97 648	-	5 773	11 814	5 488	6 326	115%	97 648
Capital Expenditure - Functional Classification									
Governance and administration	-	2 705	-	10	10	101	(91)	-90%	2 705
Executive and council							-		
Finance and administration		2 705		10	10	101	(91)	-90%	2 705
Internal audit							-		
Community and public safety	-	26 908	-	2 140	5 717	2 332	3 385	145%	26 908
Community and social services		3 607		255	255	289	(33)	-12%	3 607
Sport and recreation		2 266		96	96	181	(85)	-47%	2 266
Public safety		3 848					-		3 848
Housing		17 186		1 788	5 365	1 862	3 503	188%	17 186
Health							-		
Economic and environmental services	-	7 460	-	971	1 043	629	414	66%	7 460
Planning and development		45		11	11	11	(0)	-3%	45
Road transport		7 415		960	1 032	618	414	67%	7 415
Environmental protection							-		
Trading services	-	60 575	-	2 653	5 044	2 426	2 619	108%	60 575
Energy sources		19 790		453	2 844	1 374	1 471	107%	19 790
Water management		9 300					-		9 300
Waste water management		29 875		2 200	2 200	1 052	1 148	108%	29 875
Waste management		1 610					-		1 610
Total Capital Expenditure - Functional Classification	-	97 648	-	5 773	11 814	5 488	6 326	115%	97 648
Funded by:									
National Government		26 330		3 109	3 109	1 648	1 461	89%	26 330
Provincial Government		21 510		1 804	5 380	1 972	3 409	173%	21 510
District Municipality							-		
Other transfers and grants							-		
Transfers recognised - capital	-	47 840	-	4 913	8 490	3 620	4 870	135%	47 840
Public contributions & donations							-		
Borrowing		30 000		434	2 825	1 125	1 700	151%	30 000
Internally generated funds		19 808		426	499	743	(244)	-33%	19 808
Total Capital Funding	-	97 648	-	5 773	11 814	5 488	6 326	115%	97 648

Capital expenditure is 115,3% above the Year-to-Date budget for this quarter

Table C6: Monthly Budget Statement - Financial Position
WC032 Overstrand - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	2016/17	Budget Year 2017/18			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		214 936		42 620	214 936
Call investment deposits		-		222 363	-
Consumer debtors		72 588		70 956	72 588
Other debtors		49 874		16 954	49 874
Current portion of long-term receivables		10		7	10
Inventory		15 030		11 804	15 030
Total current assets	-	352 438	-	364 704	352 438
Non current assets					
Long-term receivables		20		30	20
Investments		43 422		39 152	43 422
Investment property		152 550		152 550	152 550
Investments in Associate					
Property, plant and equipment		3 479 176		3 490 442	3 479 176
Agricultural					
Biological assets					
Intangible assets		5 942		6 557	5 942
Other non-current assets					
Total non current assets	-	3 681 110	-	3 688 730	3 681 110
TOTAL ASSETS	-	4 033 548	-	4 053 434	4 033 548
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing		33 047		33 047	33 047
Consumer deposits		49 215		36 896	49 215
Trade and other payables		73 773		68 430	73 773
Provisions		30 432		29 719	30 432
Total current liabilities	-	186 466	-	168 092	186 466
Non current liabilities					
Borrowing		409 052		403 331	409 052
Provisions		229 153		223 108	229 153
Total non current liabilities	-	638 205	-	626 439	638 205
TOTAL LIABILITIES	-	824 671	-	794 532	824 671
NET ASSETS	-	3 208 877	-	3 258 903	3 208 877
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		3 206 436		3 256 683	3 206 436
Reserves		2 440		2 220	2 440
TOTAL COMMUNITY WEALTH/EQUITY	-	3 208 877	-	3 258 903	3 208 877

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

Table C7: Monthly Budget Statement - Cash Flow**WC032 Overstrand - Table C7 Monthly Budget Statement - Cash Flow - M03 September**

Description	2016/17	Budget Year 2017/18							
	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		211 275		11 355	59 588	59 509	79	0%	211 275
Service charges		573 549		53 181	158 327	158 204	123	0%	573 549
Other revenue		67 761		5 341	20 421	20 328	92	0%	67 761
Government - operating		113 688		864	37 439	37 439	-		113 688
Government - capital		47 840		4 898	8 474	8 474	-		47 840
Interest		17 165		1 997	5 014	5 014	-		17 165
Dividends		-		-	-	-	-		-
Payments									
Suppliers and employees		(858 220)		(108 600)	(261 711)	(261 042)	669	0%	(858 220)
Finance charges		(47 440)		(2 272)	(2 991)	(2 991)	-		(47 440)
Transfers and Grants		(1 778)		(424)	(572)	(572)	-		(1 778)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	123 639	-	(33 661)	23 991	24 364	374	2%	123 639
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-		-	-	-	-		-
Decrease (increase) in non-current debtors		-		-	-	-	-		-
Decrease (increase) other non-current receivables		11		7	2	2	-		11
Decrease (increase) in non-current investments		(6 019)		(442)	(1 170)	(1 170)	-		(6 019)
Payments									
Capital assets		(97 648)		(5 773)	(11 814)	(11 814)	-		(97 648)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(103 656)	-	(6 208)	(12 982)	(12 982)	-		(103 656)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-		-	-	-	-		-
Borrowing long term/refinancing		30 000		-	-	-	-		30 000
Increase (decrease) in consumer deposits		2 786		(13 624)	(143)	(143)	-		2 786
Payments									
Repayment of borrowing		(29 976)		(4 921)	(5 697)	(5 697)	-		(29 976)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	2 810	-	(18 546)	(5 839)	(5 839)	-		2 810
NET INCREASE/ (DECREASE) IN CASH HELD	-	22 992	-	(58 415)	5 169	5 543			22 992
Cash/cash equivalents at beginning:		191 944			259 614	191 944			259 814
Cash/cash equivalents at month/year end:		214 936			264 984	197 487			282 806

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R264.9 million.

The municipality started the year with a positive cash balance of R259.8 million. The September closing balance is R264.9 million. Refer to Supporting Table SC9 for more details on the cash position.

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 - M03 September

Description	Budget Year 2017/18												2017/18 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome			
Property rates	20 930	17 275	11 355									161 714	211 275	226 489	243 365
Service charges - electricity revenue	31 662	29 493	26 350									249 336	336 842	351 305	366 856
Service charges - water revenue	8 467	7 796	14 366									83 033	113 682	120 005	126 758
Service charges - sanitation revenue	5 670	5 462	5 536									59 719	67 388	71 035	74 845
Service charges - refuse	4 750	4 777	6 662									38 607	54 995	57 833	60 679
Service charges - other	32	65	48									488	642	680	721
Rental of facilities and equipment	545	446	543									3 363	4 898	5 173	5 476
Interest earned - outstanding debtors	244	422	249									2 287	3 203	3 385	3 589
Dividends received												-	-	-	-
Fines, penalties and forfeits	3 125	2 709	2 937									24 488	33 268	35 255	37 371
Agency services	301	336	276									2 506	3 419	3 616	3 831
Transfer receipts - operating	35 094	891	864									76 840	113 688	117 868	138 930
Other revenue	2 344	2 618	1 415									17 433	29 810	21 013	26 577
Cash Receipts by Source	114 425	73 694	72 738	-	-	-	-	-	-	-	-	732 580	983 437	1 030 990	1 107 470
Other Cash Flows by Source															
Transfer receipts - capital		3 577	4 898									39 366	47 840	46 362	69 953
Contributions & Contributed assets		-	-									-	-	-	-
Proceeds on disposal of PPE		-	-									-	-	-	-
Borrowing long term/refinancing		-	-									30 000	30 000	40 000	40 000
Increase in consumer deposits		(370)	(13 624)									16 780	2 786	984	1 064
Receipt of non-current debtors		-	-									-	-	-	-
Receipt of non-current repayables	1	0	7									3	11	10	10
Change in non-current investments	(502)	(560)	(442)									(4 486)	(6 019)	(7 124)	(7 339)
Total Cash Receipts by Source	113 923	76 312	53 576	-	-	-	-	-	-	-	-	804 243	1 058 055	1 111 223	1 211 098
Cash Payments by Type															
Employee related costs	22 024	23 958	22 159									262 075	330 217	343 139	362 017
Remuneration of councillors	798	798	798									7 658	10 053	10 527	11 024
Interest paid	104	614	2 272									44 449	47 440	48 848	49 073
Bulk purchases - Electricity	4	26 113	25 965									199 365	211 447	224 152	237 548
Bulk purchases - Water & Sewer		-	-									-	-	-	-
Other materials	744	836	1 337									46 738	49 647	47 577	68 360
Contracted services	991	13 972	10 409									148 061	173 424	182 818	194 712
Grants and subsidies paid - other municipalities		4										(4)	-	-	-
Grants and subsidies paid - other	144	-	424									1 210	1 778	1 868	1 964
General expenses	5 273	3 561	47 940									26 660	83 434	110 162	127 291
Cash Payments by Type	30 081	69 856	111 296	-	-	-	-	-	-	-	-	596 205	907 439	968 193	1 043 989
Other Cash Flows/Payments by Type															
Capital assets	-	6 041	5 773									85 834	97 648	94 362	117 953
Repayment of borrowing	-	953	4 921									24 102	29 976	33 509	37 631
Total Cash Payments by Type	49 543	77 109	121 991	-	-	-	-	-	-	-	-	786 420	1 035 063	1 097 154	1 189 543
NET INCREASE/(DECREASE) IN CASH HELD	64 382	(798)	(58 415)	-	-	-	-	-	-	-	-	17 823	22 992	14 468	11 525
Cash/cash equivalents at the month/year begin	259 814	324 196	323 398	264 984	264 984	264 984	264 984	264 984	264 984	264 984	264 984	264 984	259 814	282 806	296 675
Cash/cash equivalents at the month/year end	324 196	323 398	264 984	264 984	264 984	264 984	264 984	264 984	264 984	264 984	264 984	282 806	282 806	296 675	308 400

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

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

Supporting Table SC3 Debtors' age analysis

WC632 Overstrand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description	NT Code	Budget Year 2017/18										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	10 405	353	295	133	112	96	529	2 926	14 850	3 796		4 480
Trade and Other Receivables from Exchange Transactions - Electricity	1300	15 292	346	195	176	137	122	616	2 741	19 626	3 792		5 049
Receivables from Non-exchange Transactions - Property Rates	1400	17 740	416	197	193	153	138	683	2 379	21 899	3 546		5 747
Receivables from Exchange Transactions - Waste Water Management	1500	6 046	163	111	93	80	89	346	1 755	8 683	2 342		2 507
Receivables from Exchange Transactions - Waste Management	1600	5 124	128	90	76	88	80	292	1 312	7 150	1 807		1 999
Receivables from Exchange Transactions - Property Rental Debtors	1700	730	12	4	5	10	8	28	159	956	210		144
Interest on Arrear Debtor Accounts	1810	90	34	34	36	40	31	268	5 925	6 457	6 298		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820												
Other	1900	3 271	269	322	169	200	86	546	3 806	8 669	4 607		2 279
Total By Income Source	2000	58 689	1 721	1 259	880	799	608	3 309	21 003	88 270	26 599	-	22 185
2016/17 - totals only		57 489	2 828	1 236	928	965	724	3 799	19 045	87 012	25 460		
Debtors Age Analysis By Customer Group													
Organs of State	2200	957	59	20	25	38	20	122	1 087	2 325	1 289		256
Commercial	2300	7 467	248	51	71	65	38	142	746	8 829	1 062		803
Households	2400	51 005	1 407	1 146	775	691	542	3 012	18 850	77 426	23 870		21 114
Other	2500	(730)	8	33	9	8	8	32	320	(312)	377		2
Total By Customer Group	2800	58 689	1 721	1 259	880	799	608	3 309	21 003	88 270	26 599	-	22 185

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				Other Households	Total Households	
Indigent Households	Amount					
2 017						
July	7 421	NO VOTE for 2017/2018	25 890	33 311	22.28%	
August	7 398	NO VOTE for 2017/2018	25 889	33 287	22.22%	
September	7 357	NO VOTE for 2017/2018	26 315	33 672	21.85%	
October			0			
November			0			
December			0			
2 018						
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
2017/18											
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									0	0	0
November									0	0	0
October									0	0	0
September	58 698 682	1 721 440	1 250 398	879 548	799 399	608 430	3 308 540	21 086 775	88 363 212	29 654 531	26 682 693
Augustus	60 057 083	1 631 627	1 044 883	871 567	649 170	737 781	3 410 560	20 638 344	89 061 016	29 963 933	26 307 422
July	61 874 453	1 584 147	1 015 505	707 811	784 870	623 722	3 546 555	20 354 794	90 591 857	28 617 404	26 017 752

Government Debt

Overstrand Municipality as at 30/09/2017	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	984 737	614 201	368 420	2 117
WCED 2251	338 222	338 222	0	0
OTHER 2210+2255	682 273	650 012	32 260	0
HEALTH 2252	84 250	0	84 250	0
TPW 2256	108 215	17 755	89 580	780
HOUSING 2253+2215	11 767	11 767	0	0
OTHER MUNICIPALITIES 2276	115 411	115 411	0	0
TOTAL OUTSTANDING	2 324 875	1 747 368	574 610	2 897

Creditors' analysis**Supporting Table SC4****WC032 Overstrand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September**

Description	NT Code	Budget Year 2017/18								Total
		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	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-								-
Bulk Water	0200	-								-
PAYE deductions	0300	3 057								3 057
VAT (output less input)	0400	-								-
Pensions / Retirement deductions	0500	-								-
Loan repayments	0600	-								-
Trade Creditors	0700	41								41
Auditor General	0800	-								-
Other	0900	-								-
Total By Customer Type	1000	3 098	-	-	-	-	-	-	-	3 098

Supporting Table SC4 reflects current creditors at the end of September 2017.

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 - M03 September

Investments by maturity Name of institution & investment ID R thousands	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
	Yrs/Months							
Municipality								
LIBERTY 15934476	15 YEARS	Policy	01/09/2026	19		13 602	125	13 746
LIBERTY 21196964	14 YEARS	Policy	01/09/2025	2		23 262	260	23 524
MOMENTUM MP 3853776	14 YEARS	Policy	01/07/2026	6		2 424	30	2 460
ABSA 9284200168	DEP PLUS	DEP PLUS		125	7.0%	23 395	(13 395)	10 125
ABSA 9295906141	DEP PLUS	DEP PLUS		125	7.0%	23 394	(13 394)	10 125
ABSA 9331734880	DEP PLUS	DEP PLUS		11	6.8%	469	1 961	2 441
03/7881534451 Nedbank	92 days	FIXED DEP	31/10/2017		7.7%	100 000		100 000
Investec JB9533837	93 days	FIXED DEP	29/11/2017		7.7%	50 000		50 000
Standard Bank 288434005-026	64 days	FIXED DEP	29/11/2017		7.8%		100 000	100 000
TOTAL INVESTMENTS AND INTEREST				288		236 546	75 587	312 421

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

Long term investments relate to the sinking fund investments.

Allocation and grant receipts and expenditure

Supporting Table SC6 – Grant receipts

WC032 Overstrand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September

Description	2016/17	Budget Year 2017/18							
	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:	-	88 073	-	-	37 219	37 219	-		88 073
Local Government Equitable Share		84 223			35 094	35 094	-		84 223
Finance Management		1 550			1 550	1 550			1 550
EPWP Incentive		2 300			575	575			2 300
Provincial Government:	-	24 378	-	3 264	6 066	6 066	-		24 378
Human Settlements Development Grant		17 639		3 264	3 264	3 264	-		17 639
Library Services Grant		6 306			2 802	2 802			6 306
Financial Management Capacity Building Grant		240					-		240
Community Development Workers Operational Support Grant		54					-		54
Maintenance & Construction of Transport Infrastructure		139					-		139
Total Operating Transfers and Grants	-	112 451	-	3 264	43 285	43 285	-		112 451
Capital Transfers and Grants									
National Government:	-	26 330	-	-	6 750	6 750	-		26 330
Municipal Infrastructure Grant (MIG)		22 330			3 750	3 750	-		22 330
Integrated National Electrification Programme		4 000			3 000	3 000			4 000
Provincial Government:	-	19 878	-	2 079	9 115	9 115	-		19 878
Human Settlements Development Grant		17 186		2 079	8 315	8 315	-		17 186
Library Services Grant		700							700
Development of Sport & Recreation Facilities		1 171							1 171
Fire Service Capacity Building Grant		800			800	800			800
Community Development Workers Operational Support Grant		21							21
Other grant providers:	-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	-	46 208	-	2 079	15 865	15 865	-		46 208
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	158 659	-	5 343	59 150	59 150	-		158 659

Grant receipts are monitored according to the payment schedules.

Supporting Table SC7(1) – Grant expenditure

WC032 Overstrand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September

Description	2016/17	Budget Year 2017/18							
	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:	-	3 850	-	288	692	692	-		3 850
Local Government Equitable Share							-		
Finance Management		1 550		98	270	270	-		1 550
EPWP Incentive		2 300		190	422	422	-		2 300
Provincial Government:	-	25 615	-	576	1 653	1 653	-		25 615
Human Settlements Development Grant		18 779					-		18 779
Library Services Grant		6 306		576	1 649	1 649	-		6 306
Financial Management Capacity Building Grant		240					-		240
Community Development Workers Operational Support Grant		54			4	4	-		54
Maintenance & Construction of Transport Infrastructure		139					-		139
Greenest Municipality Competition		50					-		50
Local Government Internship Graduate Grant		48					-		48
Total operating expenditure of Transfers and Grants:	-	29 465	-	864	2 345	2 345	-		29 465
Capital expenditure of Transfers and Grants									
National Government:	-	26 330	-	3 109	3 109	3 109	-		26 330
Municipal Infrastructure Grant (MIG)		22 330		3 109	3 109	3 109	-		22 330
Integrated National Electrification Programme		4 000					-		4 000
Provincial Government:	-	21 510	-	1 788	5 365	5 365	-		21 510
Human Settlements Development Grant		17 186		1 788	5 365	5 365	-		17 186
Library Services Grant		1 132					-		1 132
Development of Sport & Recreation Facilities		1 171					-		1 171
Fire Service Capacity Building Grant		2 000					-		2 000
Community Development Workers Operational Support Grant		21					-		21
Other grant providers:	-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	-	47 840	-	4 898	8 474	8 474	-		47 840
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	77 305	-	5 761	10 819	10 819	-		77 305

Grant expenditure is monitored against grant receipts.

Supporting Table SC7(2) – Expenditure against approved rollovers

WC032 Overstrand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M03 September

Description	Budget Year 2017/18				
	Approved Rollover 2016/17	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	-	-	-	-	

A Roll over application was submitted to Provincial Treasury during August 2017 for the unspent Housing, Provincial Library Grant, Fire Services Capacity Building Grant and Internship Graduate Grant funds. The approval from Provincial Treasury is expected in November 2017.

Expenditure on councillor allowances and employee benefits

Supporting Table SC8

WC032 Overstrand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		9 393		743	2 230	2 348	(118)	-5%	9 393
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		660		55	165	165	(0)	0%	660
Housing Allowances							-		
Other benefits and allowances							-		
Sub Total - Councillors	-	10 053	-	798	2 394	2 513	(119)	-5%	10 053
Senior Managers of the Municipality									
Basic Salaries and Wages		10 753		938	2 604	2 688	(84)	-3%	10 753
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Overtime							-		
Performance Bonus							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		175		15	44	44	-		175
Housing Allowances							-		
Other benefits and allowances				1	1	1	-		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
Sub Total - Senior Managers of Municipality	-	10 928	-	953	2 649	2 733	(84)	-3%	10 928
Other Municipal Staff									
Basic Salaries and Wages		204 000		15 438	45 729	46 070	(341)	-1%	204 000
Pension and UIF Contributions		35 806		2 725	8 151	8 235	(85)	-1%	35 806
Medical Aid Contributions		12 625		900	2 683	2 693	(10)	0%	12 625
Overtime		15 622		1 052	2 015	2 167	(152)	-7%	15 622
Performance Bonus		-		-	-	-	-		-
Motor Vehicle Allowance		8 213		904	2 621	2 703	(82)	-3%	8 213
Cellphone Allowance		1 475		140	419	419	0	0%	1 475
Housing Allowances		5 405		201	608	728	(121)	-17%	5 405
Other benefits and allowances		29 993		1 077	2 429	2 499	(70)	-3%	29 993
Payments in lieu of leave		765		64	191	191	(0)	0%	765
Long service awards		669		106	376	376	-		669
Post-retirement benefit obligations		7 724		644	1 931	1 931	0	0%	7 724
Sub Total - Other Municipal Staff	-	322 297	-	23 250	67 153	68 013	(860)	-1%	322 297
Total Parent Municipality		343 277		25 002	72 196	73 259	(1 063)	-1%	343 277
TOTAL SALARY, ALLOWANCES & BENEFITS	-	343 277		25 002	72 196	73 259	(1 063)	-1%	343 277
TOTAL MANAGERS AND STAFF	-	333 225	-	24 204	69 801	70 746	(945)	-1%	333 225

SDBIP

The results of the SDBIP for the first quarter ended 30 September 2017 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 - M03 September

Description of financial indicator	Basis of calculation	2016/17	Budget Year 2017/18			
		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%	17.1%	0.0%	1.4%	5.5%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	30.7%	0.0%	23.9%	30.7%
Safety of Capital						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	0.0%	16.1%	0.0%	15.5%	16.1%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	16762.6%	0.0%	18170.1%	16762.6%
Liquidity						
Current Ratio	Current assets/current liabilities	0.0%	189.0%	0.0%	217.0%	189.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0%	115.3%	0.0%	167.6%	115.3%
Revenue Management						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	0.0%	12.3%	0.0%	33.4%	12.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	12.3%	0.0%	33.4%	12.3%
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		633.4%		Annual Indicator	633.4%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		20.89%		Annual Indicator	20.89%
Employee costs	Employee costs/Total Revenue - capital revenue	0.0%	33.6%	0.0%	26.5%	33.6%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	17.0%	0.0%	0.0%	17.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0.0%	17.9%	0.0%	1.1%	5.8%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		17.0		Annual Indicator	17.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		15.4%		Annual Indicator	15.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		3.2		Annual Indicator	3.2

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Capital programme performance

Supporting Table SC12

WC032 Overstrand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September

Month	2016/17	Budget Year 2017/18							
	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		-		-		-	-		
August		2 040		6 041	6 041	2 040	(4 001)	-196.1%	6%
September		3 448		5 773	11 814	5 488	(6 326)	-115.3%	12%
October		4 926				10 414	-		
November		6 259				16 673	-		
December		6 099				22 772	-		
January		10 181				32 953	-		
February		14 759				47 712	-		
March		14 813				62 525	-		
April		16 669				79 194	-		
May		18 333				97 528	-		
June		120				97 648	-		
Total Capital expenditure	-	97 648	-	11 814					

Supporting Table SC13a

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

Description	2016/17	Budget Year 2017/18							
	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	-	28 205	-	1 421	3 885	2 085	(1 800)	-86.3%	28 205
Roads Infrastructure	-	5 155	-	960	1 032	666	(366)	-55.0%	5 155
Roads	-	5 155	-	960	1 032	666	(366)	-55.0%	5 155
Storm water Infrastructure	-	250	-	8	8	16	8	49.0%	250
Drainage Collection	-	250	-	8	8	16	8	49.0%	250
Electrical Infrastructure	-	18 790	-	453	2 844	1 403	(1 441)	-102.7%	18 790
MV Substations	-	3 000	-	139	2 200	625	(1 575)	-251.9%	3 000
LV Networks	-	15 790	-	314	645	778	133	17.1%	15 790
Water Supply Infrastructure	-	3 900	-	-	-	-	-	-	3 900
Reservoirs	-	3 900	-	-	-	-	-	-	3 900
Solid Waste Infrastructure	-	110	-	-	-	-	-	-	110
Waste Drop-off Points	-	110	-	-	-	-	-	-	110
Community Assets	-	6 545	-	351	351	224	(127)	-56.9%	6 545
Community Facilities	-	4 579	-	255	255	105	(150)	-142.7%	4 579
Halls	-	421	-	255	255	105	(150)	-142.7%	421
Crèches	-	100	-	-	-	-	-	-	100
Fire/Ambulance Stations	-	3 798	-	-	-	-	-	-	3 798
Cemeteries/Crematoria	-	260	-	-	-	-	-	-	260
Sport and Recreation Facilities	-	1 966	-	96	96	119	23	19.1%	1 966
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	1 966	-	96	96	119	23	19.1%	1 966
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	17 186	-	1 788	5 365	2 077	(3 289)	-158.4%	17 186
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	17 186	-	1 788	5 365	2 077	(3 289)	-158.4%	17 186
Social Housing	-	17 186	-	1 788	5 365	2 077	(3 289)	-158.4%	17 186
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	1 620	-	-	-	-	-	-	1 620
Computer Equipment	-	1 620	-	-	-	-	-	-	1 620
Furniture and Office Equipment	-	120	-	21	21	15	(6)	-38.8%	120
Furniture and Office Equipment	-	120	-	21	21	15	(6)	-38.8%	120
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	950	-	-	-	-	-	-	950
Transport Assets	-	950	-	-	-	-	-	-	950
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	-	54 626	-	3 581	9 622	4 400	(5 222)	-118.7%	54 626

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Supporting Table SC13b

WC032 Overstrand - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets

Description	2016/17	Budget Year 2017/18							
	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	-	11 280	-	-	-	-	-	-	11 280
Roads Infrastructure	-	2 080	-	-	-	-	-	-	2 080
<i>Roads</i>		2 080							2 080
Electrical Infrastructure	-	1 000	-	-	-	-	-	-	1 000
<i>MV Networks</i>		1 000							1 000
Water Supply Infrastructure	-	900	-	-	-	-	-	-	900
<i>Water Treatment Works</i>		900							900
Sanitation Infrastructure	-	5 800	-	-	-	-	-	-	5 800
<i>Waste Water Treatment Works</i>		5 800							5 800
Solid Waste Infrastructure	-	1 500	-	-	-	-	-	-	1 500
<i>Waste Transfer Stations</i>		1 500							1 500
Community Assets	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on renewal of existing assets	-	11 280	-	-	-	-	-	-	11 280

Supporting Table SC13c

WC032 Overstrand - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03

Description	2016/17	Budget Year 2017/18							
	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	-	132 746	-	7 551	21 639	33 167	11 548	34.8%	132 746
Roads Infrastructure	-	64 747	-	3 088	10 646	16 187	5 538	34.2%	64 747
Roads		64 747		3 088	10 646	16 187	5 538	34.2%	64 747
Storm water Infrastructure	-	6 168	-	661	1 235	1 542	307	19.9%	6 168
Storm water Conveyance		6 168		661	1 235	1 542	307	19.9%	6 168
Electrical Infrastructure	-	18 903	-	1 239	3 334	4 726	1 392	29.5%	18 903
HV Transmission Conductors		18 903		1 239	3 334	4 726	1 392	29.5%	18 903
Water Supply Infrastructure	-	17 549	-	1 328	3 251	4 387	1 136	25.9%	17 549
Water Treatment Works		17 549		1 328	3 251	4 387	1 136	25.9%	17 549
Sanitation Infrastructure	-	16 500	-	1 003	2 274	4 125	1 851	44.9%	16 500
Waste Water Treatment Works		16 500		1 003	2 274	4 125	1 851	44.9%	16 500
Solid Waste Infrastructure	-	8 879	-	231	896	2 220	1 323	59.6%	8 879
Waste Transfer Stations		8 879		231	896	2 220	1 323	59.6%	8 879
Community Assets	-	10 549	-	364	661	2 637	1 976	74.9%	10 549
Community Facilities	-	5 895	-	300	427	1 474	1 047	71.0%	5 895
Halls		2 523		70	115	631	516	81.8%	2 523
Libraries		205		2	8	51	43	84.9%	205
Cemeteries/Crematoria		57		3	9	14	5	37.2%	57
Public Open Space		3 110		225	296	778	482	62.0%	3 110
Sport and Recreation Facilities	-	4 654	-	63	234	1 163	929	79.9%	4 654
Outdoor Facilities		4 654		63	234	1 163	929	79.9%	4 654
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	6 942	-	483	1 345	1 735	390	22.5%	6 942
Operational Buildings	-	6 942	-	483	1 345	1 735	390	22.5%	6 942
Municipal Offices		6 942		483	1 345	1 735	390	22.5%	6 942
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	5 384	-	1 383	2 100	1 346	(754)	-56.0%	5 384
Computer Equipment		5 384		1 383	2 100	1 346	(754)	-56.0%	5 384
Furniture and Office Equipment	-	13 663	-	588	1 464	3 416	1 952	57.1%	13 663
Furniture and Office Equipment		13 663		588	1 464	3 416	1 952	57.1%	13 663
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-		-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets		-		-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries		-		-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-		-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	-	169 284	-	10 369	27 208	42 321	15 113	35.7%	169 284

Supporting Table SC13d

WC032 Overstrand - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M03 September

Description	2016/17	Budget Year 2017/18							
	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	-	112 337	-	9 361	28 084	28 084	-		112 337
Roads Infrastructure	-	36 600	-	3 050	9 150	9 150	-		36 600
<i>Roads</i>		36 600		3 050	9 150	9 150	-		36 600
Storm water Infrastructure	-	3 465	-	289	866	866	-		3 465
<i>Storm water Conveyance</i>		3 465		289	866	866	-		3 465
Electrical Infrastructure	-	25 118	-	2 093	6 280	6 280	-		25 118
<i>HV Transmission Conductors</i>		25 118		2 093	6 280	6 280	-		25 118
Water Supply Infrastructure	-	27 354	-	2 279	6 838	6 838	-		27 354
<i>Water Treatment Works</i>		11 598		967	2 900	2 900	-		11 598
<i>Distribution</i>		15 756		1 313	3 939	3 939	-		15 756
Sanitation Infrastructure	-	15 886	-	1 324	3 971	3 971	-		15 886
<i>Reticulation</i>		12 467		1 039	3 117	3 117	-		12 467
<i>Waste Water Treatment Works</i>		3 419		285	855	855	-		3 419
Solid Waste Infrastructure	-	3 915	-	326	979	979	-		3 915
<i>Waste Transfer Stations</i>		3 915		326	979	979	-		3 915
Community Assets	-	766	-	64	191	191	-		766
Sport and Recreation Facilities	-	766	-	64	191	191	-		766
<i>Outdoor Facilities</i>		766		64	191	191	-		766
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	11 067	-	922	2 767	2 767	-		11 067
Operational Buildings	-	11 067	-	922	2 767	2 767	-		11 067
<i>Municipal Offices</i>		11 067		922	2 767	2 767	-		11 067
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Intangible Assets	-	615	-	51	154	154	-		615
Licences and Rights	-	615	-	51	154	154	-		615
<i>Computer Software and Applications</i>		615		51	154	154	-		615
Computer Equipment	-	788	-	66	197	197	-		788
Computer Equipment	-	788	-	66	197	197	-		788
Furniture and Office Equipment	-	4 035	-	336	1 009	1 009	-		4 035
Furniture and Office Equipment	-	4 035	-	336	1 009	1 009	-		4 035
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment	-	-	-	-	-	-	-		-
Transport Assets	-	678	-	57	170	170	-		678
Transport Assets	-	678	-	57	170	170	-		678
Libraries	-	-	-	-	-	-	-		-
Libraries	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Total Depreciation	-	130 287	-	10 857	32 572	32 572	-		130 287

Supporting Table SC13e

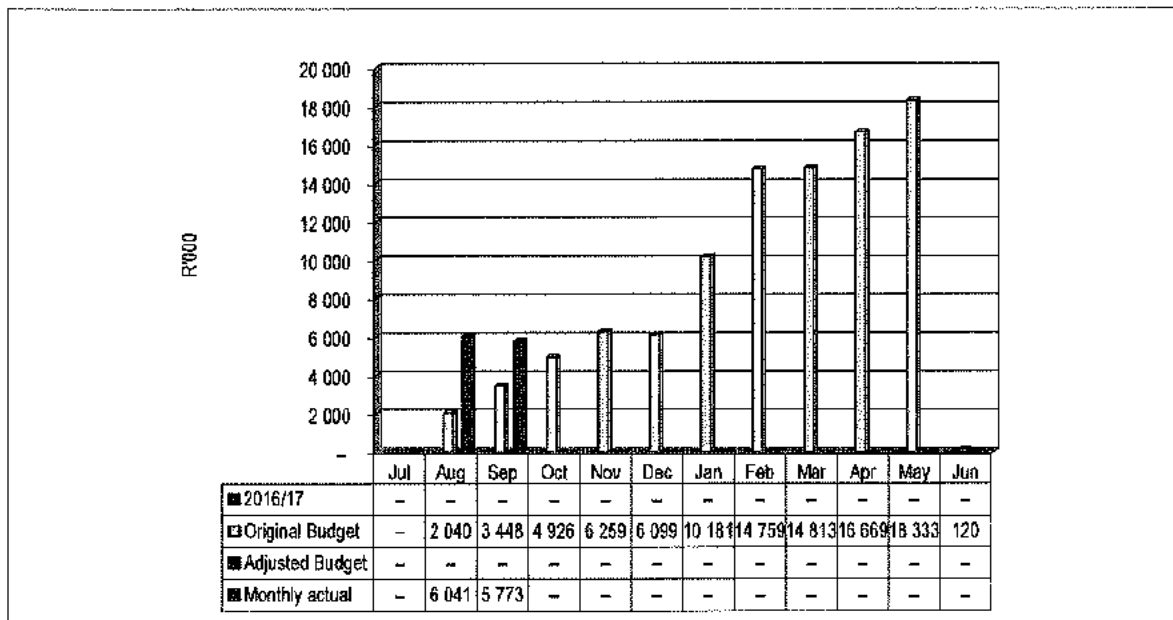
WC032 Overstrand - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	28 505	-	2 192	2 192	1 088	(1 104)	-101.5%	28 505
Roads Infrastructure	-	180	-	-	-	-	-	-	180
<i>Roads</i>	-	180	-	-	-	-	-	-	180
Storm water Infrastructure	-	6 800	-	2 192	2 192	1 088	(1 104)	-101.5%	6 800
<i>Drainage Collection</i>	-	6 800	-	2 192	2 192	1 088	(1 104)	-101.5%	6 800
Water Supply Infrastructure	-	4 500	-	-	-	-	-	-	4 500
<i>Distribution</i>	-	4 500	-	-	-	-	-	-	4 500
Sanitation Infrastructure	-	17 025	-	-	-	-	-	-	17 025
<i>Pump Station</i>	-	5 000	-	-	-	-	-	-	5 000
<i>Reticulation</i>	-	3 100	-	-	-	-	-	-	3 100
<i>Waste Water Treatment Works</i>	-	8 585	-	-	-	-	-	-	8 585
<i>Outfall Sewers</i>	-	340	-	-	-	-	-	-	340
Community Assets	-	3 177	-	-	-	-	-	-	3 177
Community Facilities	-	2 877	-	-	-	-	-	-	2 877
<i>Halls</i>	-	1 695	-	-	-	-	-	-	1 695
<i>Fire/Ambulance Stations</i>	-	50	-	-	-	-	-	-	50
<i>Libraries</i>	-	1 132	-	-	-	-	-	-	1 132
Sport and Recreation Facilities	-	300	-	-	-	-	-	-	300
<i>Outdoor Facilities</i>	-	300	-	-	-	-	-	-	300
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	60	-	-	-	-	-	-	60
Operational Buildings	-	60	-	-	-	-	-	-	60
<i>Municipal Offices</i>	-	60	-	-	-	-	-	-	60
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	-	31 742	-	2 192	2 192	1 088	(1 104)	-101.5%	31 742

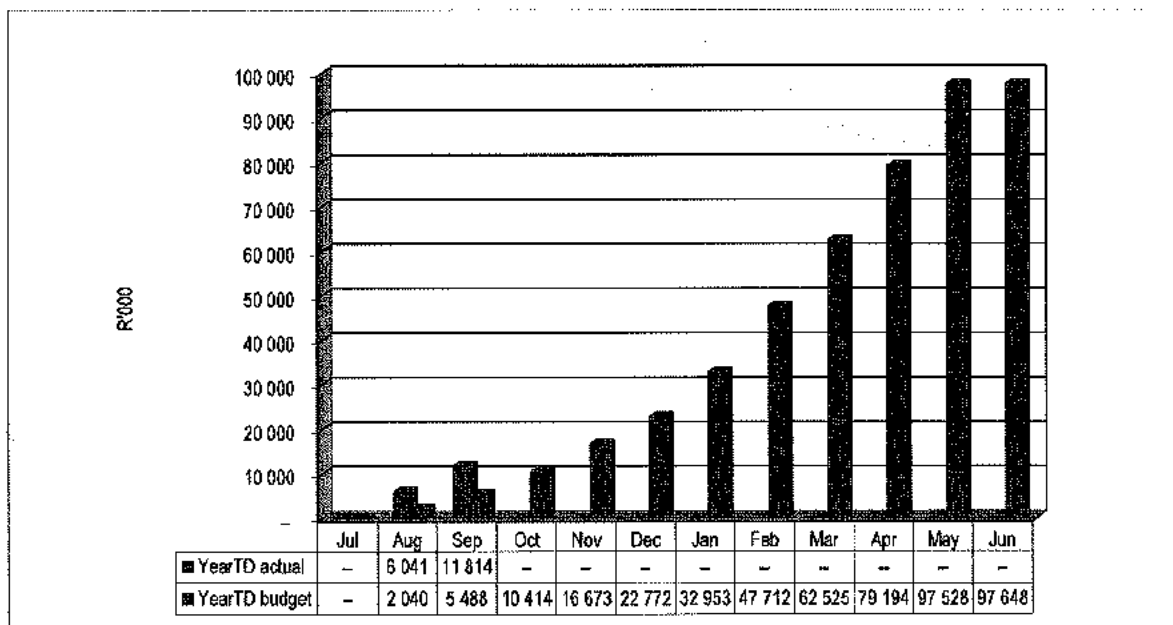
Other supporting documentation

Section 71 charts

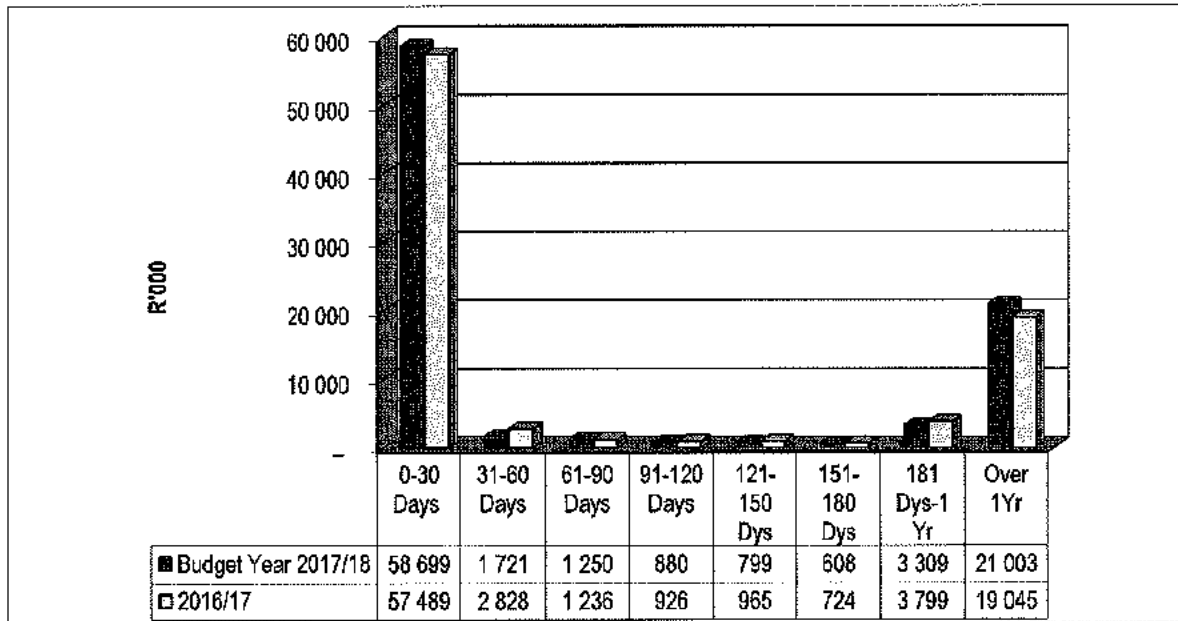
Capital expenditure monthly trend - actual vs target



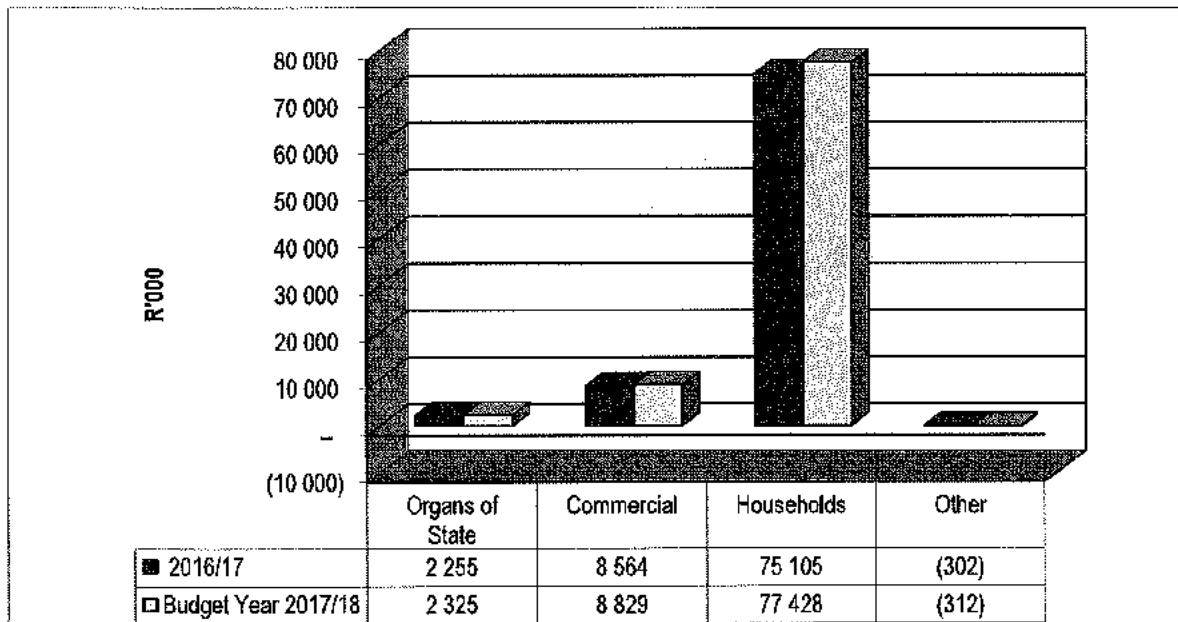
Capital expenditure – YTD actual vs YTD trend



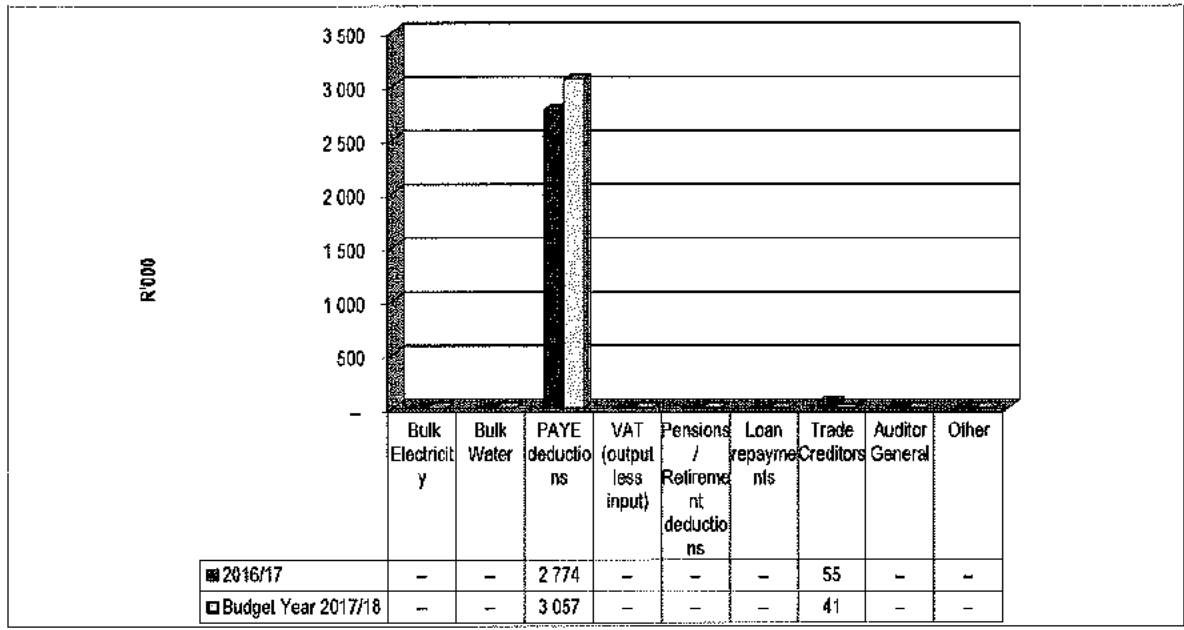
Debtors Age Analysis



Debtors by Type



Creditor Payments



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 September 2017 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)

Signature:



Date:

11.10.2017

OVERSTRAND MUNICIPALITY – COST CONTAINMENT MEASURES:

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

September 2017

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

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 the 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:

- **Curtailment of overseas trips;**
- The submission of strong motivation to MIM'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 the 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
<p>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.</p> <p>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.</p>	<p>Comply.</p> <p>The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).</p>

Municipalities are reminded that the National Treasury will 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 the 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 2017
<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 to serve before Council on 31 May 2017
<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

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 • Circular 82 was included in the Draft Budget for 2017-2018 to Council on 29 March 2017 and was available for public participation and comments; • The Circular was included in the budget documentation to Council end of May 2017.
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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); ○ 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 	<p>Contents of the circular are noted; Appointment of consultants in terms of services required and listed.</p>
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<p>consultant.</p> <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> 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> In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven</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>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 issue a National Travel Policy framework during December 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"> • 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 exceed 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 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. • 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 	<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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<p>codes as detailed in Annexure B.</p> <ul style="list-style-type: none"> • 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. 	<p>full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.</p>
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2.3 Domestic Hotel Accommodation

<ul style="list-style-type: none"> • 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. 	<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</p>
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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 680	R 710	R 855
2 Star	R 900	R 1030	R 1230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 650
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 600	R 850	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 800	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

Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.

*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.

Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.

**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.

- 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.

standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.

<ul style="list-style-type: none"> 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). 	
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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. The policy was revised during February 2017.</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; 	<ul style="list-style-type: none"> Overstrand Municipality does not allow the use of credit and debit cards.
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<ul style="list-style-type: none"> • 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. 	
<p>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.</p>	<ul style="list-style-type: none"> • Noted
<p>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.</p>	<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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