

REPORT TO COUNCIL: 29 JANUARY 2010
OFFICE OF THE EXECUTIVE MAYOR

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR 2009/10 FINANCIAL YEAR

1. BACKGROUND

In terms of Section 72(1), (2) and (3) of the Municipal Finance Management Act No. 56, 2003, Chapter 8, the mid-year budget and performance assessment report for the period ended 31 December 2009 is submitted for your consideration.

In terms of the Section 54 (1), (2) and (3) of the Municipal Finance Management Act No. 56, 2003 Chapter 7, the following applies: -

“(1) On receipt of a statement or report submitted by the accounting officer of the Municipality

In terms of section 72, the mayor must –

- (a) consider the statement or report;*
- (b) check whether the municipality’s approved budget is implemented in accordance with the service delivery and budget implementation plan;*
- (d) issue any appropriate instructions to the accounting officer to ensure –*
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and*
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;*
- (f) Submit the report to the Council by 31 January of each year.”*

The current report approaches the Review in the following order:

- 2. Executive Summary of Performance and Budget Implementation***
- 3. Statement of Financial Performance***
- 4. Capital Expenditure***
- 5. Expenditure on Conditional Grants - DoRA Allocation***
- 6. Restructuring Grant Milestones***
- 7. 2009/10 Adjustment to the Operational and Capital Projects per Funding Source***
- 8. Recommendation***

2. EXECUTIVE SUMMARY

2.1 Service Delivery and Budget Implementation Plan

The Municipal Finance Management Act requires a municipality's Budget and Integrated Development Plan to be mutually consistent and credible. The Service Delivery and Budget Implementation Plan is used by Buffalo City Municipality (BCM) as a tool to monitor and measure the implementation of the budget. The actual performance against the key performance indicators and targets is monitored and measured on a two quarters basis and corrective action is put in place to address variances.

A report on the performance against SDBIP indicators and target is contained in Annexure C1 and a summary of material variances and corrective steps to address such is contained in Annexure C2.

2.2 Summary of the Financial Performance and Position of the Municipality

The overall mid-year operating results for the 2009/10 financial year indicate a surplus of R169.35 million on accrual basis.

Liquidity position

BCM 's liquidity is considered sound as the Current Ratio is 1.9:1 which indicates the ability of Municipality's current assets to cover its Current liabilities . The norm for the current ratio is 2:1. This ratio has slightly increased when compared 1.67:1 in the 2008/09 financial year.

Debtors Collection Rate and Outstanding Debtors

The debtors' collection rate as at 31 December 2009 is 92.80%. This has declined as compared to 2008/09 financial year which was 93.8% due to the current global economic climate. The decrease in the collection rate will tremendously impact on the municipality's cash flow situation and its ability to fund its future capital infrastructure programme.

Total debtors outstanding as at 31 December 2009 amounts to R430.54 million (Business R91.4 million and Domestic: R335.6 million, Government: R3.48 million). The debtors' book has increased by 42% when compared to 30 June 2009 which was R300.33 million. The increase in debtors' book is an indication of a decreased collection rate and BCM's cash flow.

The ratio of outstanding debtors' to revenue is 15.6%. This has increased when compared to 13.1% on 30 June 2009.

The Directorate of Finance is striving by all means to ensure accuracy of the monthly billing to consumers. The following measures are in place to ensure the accuracy of the billing system:

- System generated exception reports for huge variances against monthly consumption trends are analyzed, investigated and rectified on monthly basis.
- The above is carried out before the bills are finalized for distribution.

During the festive period 24 December 2009 to 7 January 2010, all debtors were unblocked on the prepayment vending system as a "Gesture of Goodwill" by Council. This resulted in the payment level of current billing accounts raised for December 2009 to decrease by approximately 10%.

Long-Term Debt Profile

Buffalo City Municipality has a long term loan facility with the Development Bank of Southern Africa (DBSA) to the amount of R750 million. This is utilized to predominantly fund the capital infrastructure development programme mainly for the previously disadvantaged areas.

The total long term borrowing of the municipality as at 31 December 2009 amounts to R560.84 million (Refer to Annexure F). The ratio of debt to total assets is 3.6% as at 31 December 2009. The debt to revenue ratio is 24.1 % and has decreased when compared to 30 June 2009 which was 28.4%. The decrease in the ratio is due to:

- an increase in 2009/10 annual revenue by 46% when compared to the 2008/09 financial year and
- a decrease in our spending rate which resulted in less draw-downs on our DBSA loan facility

In terms of our cash flow projections the loan facility will be fully utilised by 30 June 2010 and the debt to revenue ratio is anticipated to exceed the benchmark/ceiling of 35% as per National Treasury Guidelines.

This therefore indicates that the municipality will rely totally on Grant Funding to fund all future capital infrastructure development in Buffalo City due to the following:

- Debt to revenue benchmark/ceiling when exceeded gives an indication on whether or not the municipality does have capacity to borrow or ability to service long term debt
- Declining cash flow due to declining collection rate results in non-availability of own funding to fund capital infrastructure development.

In the past and during the current period the Municipality maintained an 80:20 ratio of grant funding to its own funding. Looking at BCM's current financial position, if our debtors collection rate does not improve to at least 95%, the municipality will not be able to fund the capital infrastructure programme from its own funds in the 2012/13 Medium Term Revenue and Expenditure Framework (MTREF) Budget period.

Table 3: Performance Summary

<u>Overall Operating results</u>		<u>Cash Management</u>	
Income	R 1,404,484,728	Cash on hand	R 81,620,726
Expenditure	R 1,229,886,635	Total value of investments	R 663,008,161
Transfer to & from Reserves	(R5,247,492)	Total investments - own funds	R 257,631,814
Operating Surplus	R 169,350,601	Total conditional grants	R 405,376,347
		Total Loans	R 560,837,694
<u>Debtors</u>		<u>Surplus per Service</u>	
Total debtors book	R 430,536,170	Water	R3,897,742
Total debtors - Government	R 3,480,395	Electricity	R100,742,311
Total debtors – Business	R 91,400,000	Refuse	R14,957,637
Total debtors – Domestic	R 290,910,775	Sewerage	R36,197,701
Total debtors – Other	R 44,745,000		
Total debt written off	R 818,825		
Year to date collection	R 781,870,293		
<u>Capital Expenditure</u>		<u>Operating Projects</u>	
Capital Expenditure as a % of total		<u>Expenditure</u>	
approved adjusted budget	14%	Operating Expenditure as a % of	
(2008/09: 11%)		total approved adjusted budget	14%
<u>Financial</u>		<u>Human Resources</u>	
Operating surplus for the period	R 169,350,601	Staff appointments	311
Debtors collection ratio %	92.8%	Staff terminations	113
YTD all grants and subsidies	R 286,530,666	Total staff complement	4,550
Net Debtors to Annual Income	15.6%	Total overtime paid for the month	R 5,471,918
Percentage of Creditors paid within terms	100%	Number of funded vacant posts	431
Current ratio	1.91:1	Salary bill - Councilors	R 9,143,980
Long Term Borrowings to Total Assets	3.6%	Salary bill - Officials	R 369,479,691
Long Term Borrowings to Revenue	24.1%	Workforce costs as a % of income	27.0%
Capital Charges to Operating Expenditure	0.7%		

2.3 Summary of Progress on Resolving Issues Identified in 2007/8 Audit Report

1. Creditors

- The municipality has implemented controls to ensure that monthly creditors' reconciliations are performed and reviewed by senior accounts manager in Supply Chain Management.

2. Irregular Expenditure

a) Investments

- The existing internal control procedures were reviewed and additional procedures were implemented to ensure proper segregation of duties between the initiation of the investment transaction (Treasury Function) and the transfer of investment funds to the financial institutions (Financial Accounting Function).

b) Tender processes

- Three Bid Committee system as prescribed by the MFMA is in place with proper delegations and terms of reference for each committee. Procurement of goods and services in excess of R200, 000 is done through the Bid Committee System.
- An electronic centralised contracts register has been designed and populated with all the relevant information in terms of the SCM Regulations and BCM SCM Policy. Contract files containing all relevant documents pertaining to that contract as per the tender register are maintained.
- SCM is in the process of completing the construction of an archiving facility whereby BCM will have a central archiving of tender documentation.
- Internal control processes and procedure will be reviewed which will include access controls to the archives and the safeguarding of tender documents.

3. Commitments

An electronic centralised contracts register has been designed and populated which includes the contract price and cumulative expenditure for each contract.

Capital commitments will be updated on a monthly basis as contract payments are made.

This should facilitate calculation of the value of commitments as payments are made for each contract.

3. STATEMENT OF FINANCIAL PERFORMANCE FOR THE TWO QUARTERS ENDING 31 DECEMBER 2009

The Statement of Financial Performance is presented on the **accrual basis**.

Table 4: Statement of Financial Performance for the two quarters Ending 31 December 2009

EC125 Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2008/09	Budget Year 2009/10							
		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		363,583	409,056	409,056	31,148	259,729	248,111	11,618	5%	409,056
Property rates - penalties & collection charges								-		
Service charges - electricity revenue		609,722	838,592	838,592	70,062	424,951	411,184	13,767	3%	838,592
Service charges - water revenue		181,117	203,835	203,835	17,859	104,099	101,367	2,732	3%	203,835
Service charges - sanitation revenue		128,514	142,661	142,661	10,921	83,332	81,101	2,230	3%	142,661
Service charges - refuse revenue		124,506	138,033	138,033	11,716	69,610	70,088	(478)	-1%	138,033
Service charges - other								-		
Rental of facilities and equipment		12,750	10,469	10,469	560	4,033	5,234	(1,201)	-23%	10,469
Interest earned - external investments		85,519	18,382	18,382	499	19,493	9,191	10,303	112%	18,382
Interest earned - outstanding debtors		35,093	36,905	36,905	601	14,338	18,453	(4,115)	-22%	36,905
Dividends received		165	54	54			27	(27)	-100%	54
Fines		7,058	8,744	8,744	528	4,374	4,372	2	0%	8,744
Licences and permits		12,250	12,628	12,628	1,123	6,634	6,314	319	5%	12,628
Agency services								-		
Transfers recognised - operational		85,440	400,114	361,942	14,586	50,808	180,971	(130,163)	-72%	361,942
Other revenue		644,290	585,372	585,372	118,022	363,085	365,864	(2,779)	-1%	585,372
Gains on disposal of PPE		3,384						-		
Total Revenue (excluding capital transfers and contributions)		2,293,391	2,804,845	2,766,674	277,622	1,404,484	1,502,277	(97,793)	-7%	2,766,674
Expenditure By Type										
Employee related costs		656,676	794,449	794,449	69,776	369,480	397,225	(27,745)	-7%	794,449
Remuneration of councillors		19,359	23,200	23,200	1,514	9,144	11,600	(2,456)	-21%	23,200
Debt impairment		131,527	69,726	69,726	5,811	34,863	34,863	-		69,726
Depreciation & asset impairment		221,037	273,516	273,516	28,546	162,700	162,700	-		273,516
Finance charges		84,868	69,037	69,037		8,577	8,577	-		69,037
Bulk purchases		466,747	642,679	642,679	42,597	310,590	340,668	(30,079)	-9%	642,679
Other materials								-		
Contracted services		4,493	7,137	7,037	1,011	1,868	3,518	(1,650)	-47%	7,037
Transfers and grants		4,583	5,302	5,302	3	3	2,651	(2,648)	-100%	5,302
Other expenditure		679,031	1,068,563	1,030,491	69,651	332,662	515,246	(182,583)	-35%	1,030,491
Loss on disposal of PPE								-		
Total Expenditure		2,268,320	2,953,609	2,915,438	218,909	1,229,887	1,477,048	(247,161)	-17%	2,915,438
Surplus/(Deficit)										
Transfers recognised - capital		71,701	148,883	148,883	-	(5,247)	74,441			148,883
Contributions recognised - capital										
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions		96,772	119	119	58,713	169,350	99,671			119
Taxation								-		
Surplus/(Deficit) after taxation		96,772	119	119	58,713	169,350	99,671			119
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		96,772	119	119	58,713	169,350	99,671			119
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		96,772	119	119	58,713	169,350	99,671			119

Notes to the Statement of Financial Performance for the Two Quarters Ending 31 December 2009

1. Transfers Recognised – Operational

This relates to operating projects, income is recognised as the expenditure is incurred.

2. Other Revenue

Other revenue which is made up of numerous miscellaneous items reflects a cash inflow of R363.09 million as against an estimated budget of R365.86 million. Included in the other revenue received to date is an amount of R286.53 million in respect of Grants and Subsidies.

3. Debt Impairment

This is in respect of provision for bad debts.

4. Employee Related Costs

The officials' remuneration was under spent by 7%. This is due to vacant funded posts that are not yet filled by the various Directorates as well as the new task grading/job evaluation that is budgeted for but not yet implemented. There was a saving of 11.75% (R1.39 million) on Councillors' remuneration for the period under review due to vacant seats for councillors.

Summary of the Vacant Funded Posts per Directorate

DIRECTORATE	TOTAL NUMBER	30-60 Days	60-180 Days	More than 180 Days
Directorate of Executive Support Services	15	1	2	12
Office of the Municipal Manager	3	0	0	3
Directorate Chief Operating Officer	8	3	1	4
Directorate of Finance	38	9	9	20
Directorate of Corporate Services	13	4	2	7
Directorate of Engineering Services	177	27	24	126
Directorate of Planning and Economic Development	31	5	5	21
Directorate of Health and Public Safety	32	17	5	10
Directorate of Community Services	114	21	22	71
Total vacant funded posts	431	87	70	274

The total number of vacant funded posts currently stands at 431. This is despite the efforts of Human Resources to speed up the filling of all posts. All Directorates have been advised to submit requests to fill the posts, but some Directorates such as Community Services have indicated that they cannot do so at this stage due to the restructuring of their Directorate.

It should further be noted that despite the number of interviews held, a large number of appointments made are of internal promotions, thereby creating further funded vacant posts. The number of employee terminations per month often equals the number of new appointments made in a month, thereby not reducing the total number of vacant funded posts

Table 5: Analysis of Overtime

Overtime	2009/2010 Annual Budget R	2009/2010 YTD Budget R	2009/2010 YTD Expenditure R	2009/2010 Variance R	2009/2010 Variance %
Directorate of Executive Support Services	129,378	64,689	472,937	(408,248)	(631.09)
Directorate of The Municipal Manager	17,734	8,867	39,766	(30,899)	(348.48)
Directorate of Chief Operations Officer	21,454	10,727	36,993	(26,266)	(244.86)
Directorate of Finance	754,047	377,024	215,312	161,711	42.89
Directorate of Corporate Services	376,990	188,495	152,164	36,331	19.27
Directorate of Engineering Services	6,346,617	3,173,309	6,739,616	(3,566,307)	(112.38)
Directorate of Development Planning	607,990	303,995	230,370	73,625	24.22
Directorate of Community Services	13,012,099	6,506,050	13,227,345	(6,721,296)	(103.31)
Directorate of Health and Public Safety	5,239,161	2,619,581	3,355,787	(736,206)	(28.10)
Total	26,505,470	13,252,735	24,470,291	(11,217,556)	(84.64)

COMMENTS FROM DIRECTORATES ON OVER EXPENDITURE ON OVERTIME**DIRECTORATE OF EXECUTIVE SUPPORT SERVICES****1. Introduction**

The Directorate of Executive Support Services is the only directorate directly driven by a political mandate to serve the Executive Mayor, Speaker, Chief Whip and Mayoral Committee as a whole whilst reporting to the Municipal Manager.

The functions and activities of the Directorate are therefore primarily political in nature consequently not subject to the same planning discipline as the majority of service delivery directorates/departments of the municipality.

The explanation for overtime and possible corrective measures are therefore uniform throughout the directorate.

2. Staff Areas

The areas of overtime indicated are:

- 2.1 Care Taker : City Hall
- 2.2 Office Attendants (Primarily City Hall or for City Hall/Political Functions)
- 2.3 Housekeeper (Mayoral Residence)
- 2.4 Mayoral Drivers & Body Guards
- 2.5 Public Participation Community Facilitators
- 2.6 IDP Office Staff (Programme Support)
- 2.7 General Front Office Staff : Secretarial/Typists/PA/ working overtime for senior management and
- 2.8 Call Centre Staff
- 2.9 Knowledge Management Video Team
- 2.10 2010 Programmes Staff

3. Root Cause

The root cause of over expenditure on overtime is generally the fact that political events are driven from various levels: local government, provincial, national and party structures. They are not easily predictable in their timing or scale. Most of the directorates' activities are driven politically.

4. Employees That Work Over 40 Hours

The City Hall and Whippery are the heaviest hit by the circumstances leading to overtime due to the fact that this is where the political principles/functions reside and this is the point of political interface with all spheres of government as well as the City Hall being a most sought after event venue in Buffalo City.

5. Planned & Unplanned Overtime

Planned overtime is scheduled in the calendar of events which includes political events e.g. IDP Hearings, State of City Address...etc. Unplanned overtime has been explained above.

6. Corrective Measures

The main corrective measure is for the Directorate to plot the trends of expenditure and adapt the budget accordingly.

Filling of critical unfunded/funded posts (e.g. events coordinator) is also important so that staff do not have to work overtime fulfilling functions over and above their duties.

Increase number of Mayoral body guards to work in shifts or have a set over time allowance.

OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager has exceeded their Overtime budget for the 2009/10 financial year due to the following:

1. Senior employees were appointed in the Office of the Municipal Manager without administrative support. The additional administrative load was absorbed by the Receptionist, resulting in them not completing their core responsibilities, which necessitated them to work overtime to conclude administrative work.
2. The Secretary's position was put on hold, pending the appointment of the new Municipal Manager, since January 2009. The Administrative Assistant was acting in this position which has also increased the administrative load resulting her to work overtime.
3. The Office also played a pivotal role in other events such as Casual Day, Remembrance Day and the Summer Programme.

These are just the major factors that necessitated Overtime in the Office of the Municipal Manager. We therefore recommend that an additional amount of R 60,000 for overtime be provided in the adjustment budget to circumvent over expenditure.

OFFICE OF THE CHIEF OPERATING OFFICER

MURP

The overtime incurred against the MURP Overtime Vote is due to departments that have MURP Interns, claiming overtime for the interns against it. The departments will be reminded that all overtime incurred for the interns will be the respective departments' responsibility.

Housing

The over expenditure on overtime is caused by the relocation of working beneficiaries who are not available during the office working days and therefore force the employees to work during weekends.

DIRECTORATE OF ENGINEERING SERVICES

Water Supply and Sanitation Department

Water Services

The overtime for **Water Services** division is overspent due to call outs whilst on standby to attend to bursts, serious leaks and pump/motor failures as well as staff shortages in the division.

The employees who worked in excess of 40hrs per month were required to attend to emergency repairs on the water network whilst on standby (checking on reservoirs, shift work, assist operators on emergency repairs on the plant, attend to after ours bursts and water deliveries)

Sanitation Department

Root causes for overtime for **Sanitation Department** experienced over the past months :

Standby:

1. Shortage of tankers due to breakdowns and pump stations down.
2. Staff shortages and extreme urgency to meet operational requirements.
3. High volume of calls re blockages
4. Due to shifts and standby
5. Tankers overtime due to blockages
6. High volume of calls when on standby and various operational problems

Overtime:

1. Shortage of tankers due to breakdowns
2. Due to staff shortages and extreme urgency to meet operational requirements
3. Urgency to meet operational requirements and high volume of calls over Xmas
4. Cleaning drying beds at Schornville on weekends
5. Urgency to meet operational requirements
6. Due to staff shortages over Xmas and high volume of calls
7. Due to staff shortages over Xmas and to meet extreme urgent operational requirements
8. High volume of calls re blockages over Xmas with skeleton staff
9. Tankers overtime and blockages
10. High volume of calls re blockages and screens and pumps
11. Urgency to meet operational requirements

WATER SERVICES DEPARTMENT: JULY DECEMBER 2009			
Planned Overtime	Shift Work	Standby/Callouts	Total
R 500 901.25	R 1 716 052.66	R 3 332 162.37	R 5 549 116.28

Electricity

Emergency work carried out due to call outs whilst on standby repairs
The overtime had been broken down into standby and overtime.

Overtime Payment July 2009 – December 2009		
Total Overtime	Standby	Overtime
R 2 060 998.76	R243 718.24	R1 817 280.52

DIRECTORATE OF COMMUNITY SERVICES

The over-expenditure in Community Services is resultant from:

Arts and Cultural Services

Root Cause

The ACS staffs on the schedules for overtime (permanent & temporary) are halls staff or other staff within ACS permitted to perform Caretaker duties. As most hall bookings occur after hours/over weekends, this results in excessive overtime. It is essential that the overtime is worked as this is a service to the public.

Corrective Plan of Action

Various options have already been considered and the best option is to introduce a shift system. However, this would involve changes to the Conditions of Service of the staff involved.

HR & the department foresee difficulty in applying this. There are only 13 Caretakers for 33 Halls and halls are used predominantly after hours. Supervisors perform overtime primarily to transport Caretakers between facilities and oversee preparation of facilities between multiple bookings over weekends. In the previous financial year, hall hire accounted for R1.1 million of Council's revenue.

Amenities

Root Cause

The Amenities staff on the schedules attached (permanent & temps) have been given prior approval by the Department to work overtime in all Amenities Sections as Amenities Sections open every day of the week including public holidays and in order to keep the Department performing effectively and efficiently to deliver services to the public. The peak season also contributed to staff working excessively in order to meet the service delivery requirements and in some instances other staff members have to be on leave and that contributes to staff working all weekends

Corrective Plan of Action

Section Heads from Amenities Department have been instructed to comply with the Basic Conditions of Employment Act in that no workers should work more than 10 hours paid overtime per week. This has currently been implemented successfully in Amenities Sections. Further to this, a meeting has been arranged with HR and Labour Relations on 21 January 2010 to explore if further cuts in overtime can be implemented using a roster system

Environmental Services

Interments

The disposal of human remains by conducting burials and cremations is an essential service of Buffalo City Municipality. In addition, due to diverse cultural beliefs, 100% of burials are required to be undertaken over weekends and therefore results in overtime having to be worked in order to cater for this.

Horticulture

Due to a high number of complaints about excessive grass, bush and trees and ever increasing workloads because of the growing of the city has necessitated staff to work overtime. It will be very difficult to reduce the overtime worked as we are not meeting the demands of all communities. Overtime can be rotated and only on Saturdays.

Picnic spots at Nahoon and Tidewaters which is essential as the booms have to be opened and closed and the toilets have to be cleaned. Overtime can be reduced to 4 hours per day. In exceptional cases overtime cannot be avoided, e.g. special event, decorations, high profile visits

to the City. In emergencies, i.e. storm damage where trees are posing a threat to human life and property.

Overtime in the Nurseries can be reduced to Saturdays only as we need staff to water plants and seedlings.

Solid Waste Management Services

Root Cause

The Department of Solid Waste has been adhering to schedules of staff who will be working overtime in order to keep the city clean but due to the vastness of the areas and the limited staff members this department had to use same staff members resulting in them working more than 40 hours overtime. It is essential that the overtime is worked as this is an essential service to the public.

Corrective Plan of Action

Various options have already been considered to normalize the abnormal overtime hours worked in the department e.g. The Shift Option.

All managers have now agreed to comply with the Basic Conditions of Employment of not exceeding 10 hours per week. This is now implemented in Solid Waste Department further to this overtime workshop was held with all the Managers and Supervisors where all the overtime related issues were explained thoroughly to all the managers and compliance issues related to overtime. Another workshop will be conducted to the remaining staff as a corrective action.

DIRECTORATE OF HEALTH & PUBLIC SAFETY

Public Safety

Root Cause

The overtime expenditure i.r.o. Public Safety is not a true reflection of overtime worked or paid in the current financial year as an amount of R799 933 is in respect of overtime back pay paid to traffic and law enforcement officers for the previous two financial years.

The actual over expenditure for Public Safety is R5327,00 which is a 0,21% variance.

The over-expenditure in Public Safety is resultant from:-

1. Fire and Rescue Services allocating additional personnel to shifts in order to maintain a minimum crew level of three fire fighters per shift at each station.
2. Traffic and Law Enforcement Services performing traffic control and crime prevention at the large number of events which are taking place in Buffalo City.
3. Traffic Services involvement in special national traffic enforcement programmes.
4. Traffic and Law Enforcement Services ensuring that there is proactive traffic and law enforcement program in Buffalo City.
5. Law Enforcement Services allocating personnel to special tasks e.g. disconnection of illegal electricity connections and special law enforcement programs with the SAPS.
6. A shortage in the number of Traffic and Law Enforcement Officer.

Corrective Measures to Reduce Overtime

1. Working of overtime and control thereof discussed extensively at GM : Public Safety Heads of Department meetings, refer meetings of 16 July 2009 and 17 September 2009.
2. Traffic Services reduced number of special traffic enforcement programs e.g. combating of drunk driving.
3. Traffic and Law Enforcement Services reduced number of officers posted to special events.
4. Law Enforcement Services reduced number of special law enforcement operations e.g. reduced number of members allocated to assist SAPS with special operations.
5. Fire and Rescue Services have intensified training e.g. pump operators course in order to broaden base of qualified personnel thereby allowing duties to be spread over a wider base.

Health

The Health Department did not incur any overtime in excess of 40 hours for individual staff members for the period July 2009 to December 2009, however, staff have to visit initiates after hours and on weekends to ensure compliance with the Application of Health Standards in Traditional Circumcision Act 6 of 2001 (Eastern Cape), seasonally, being winter and summer seasons. Nursing staff assist Traffic Department on weekends with their Drunk Driving Campaigns.

COMMENTS FROM DIRECTORATE OF CORPORATE SERVICES ON MEASURES TO BE INTRODUCED TO ADDRESS ABUSE OF OVERTIME

Council resolved on 8 December 2009 (MC 759/09) that the Director, Corporate Services be requested to submit a report the Standing Committee which will proceed to Council on whether they are complying with the Act in terms of approval of overtime beyond the hours as stipulated by legislation.

Section 10.1 of the Basic Conditions of Employment Act No. 75 of 1997 states “that an employer may not require or permit an employee to work more than ten hours overtime a week”.

It is therefore evident that the maximum of ten hours per week only applies to **normal planned overtime** and not overtime that may be required to be worked in an emergency

The control of overtime remains a Line Manager’s responsibility but it has been realized that additional measures need to be introduced in order to comply with the maximum of 10 hours per week for planned overtime, as set by the Basic Conditions of Employment Act (BCEA).

A report is therefore being submitted to Council recommending that all Heads of Department and all employees be notified that HR will not submit any requests for overtime payment to Finance unless:

1. Proof is attached to the exception reports that prior approval was granted by either the relevant General Manager or Director.
2. The overtime limit of 10 hours per week is adhered to.
3. Proof is attached to exception reports for any emergency overtime that was worked, in order for payment to be considered for any hours worked in excess of 10 per week.

Heads of Department have also been advised to request the overtime budget be transferred to basic salaries budget in the next financial year in order that it is utilized for their unfunded vacant posts and in the employment of more staff. The service departments may also convert the service delivery function to a two or three shift system.

The impacts of these additional measures will some what reduce the overtime claimed by the employees.

Table 6: Repairs and Maintenance

Repairs & Maintenance	2009/2010 Annual Budget R	2009/2010 YTD Budget R	2009/2010 YTD Expenditure R	2009/2010 Variance R	2009/2010 % of the YTD Budget
Directorate of Executive Support	1,584,548	792,274	157,173	635,101	19.84
Directorate of The Municipal Manager	39,534	19,767	7,812	11,955	39.52
Directorate of Chief Operations Officer	20,500	10,250	17,477	(7,227)	170.51
Directorate of Finance	1,240,270	620,135	345,304	274,831	55.68
Directorate of Corporate Services	3,743,680	1,871,840	768,113	1,103,727	41.04
Directorate of Engineering Services	140,563,822	70,281,911	55,119,121	15,162,790	78.43
Directorate of Development Planning	10,278,749	5,139,375	4,600,527	538,847	89.52
Directorate of Community Services	13,807,408	6,903,704	4,551,916	2,351,788	65.93
Directorate of Health and Public Safety	4,434,595	2,217,298	1,534,970	682,327	69.23
TOTAL	190,372,163	95,186,082	67,102,413	20,754,140	70.50

Other expenditure includes repairs and maintenance as reflected in the table above. Repairs and Maintenance expenditure efficiency ratio for the two quarters ending 31 December 2009 is 70.5% (R67.1 million). This indicates an increase in expenditure pattern when compared to the previous financial year (2008/2009: 66.12%). The expenditure is generally on track and is expected to improve as the year progress. Refer to **Annexure B: SC13c**.

Table 7: Operational Projects

Projects	2009/2010 Annual Budget R	2009/2010 YTD Budget R	2009/2010 YTD Exp R	2009/2010 Variance R	2009/2010 % Annual Budget
Directorate of Executive Support Services	14,240,548	7,120,274	3,323,948	3,796,326	23.34
Mayoral/Hot spots projects	27,410,070	13,705,035	6,788,158	6,916,877	24.77
Directorate of The Municipal Manager	90,000	45,000	0	45,000	0.00
Directorate of Chief Operations Officer	6,556,493	3,278,247	1,537,585	1,740,661	23.45
Housing Projects	227,055,869	113,527,935	25,872,227	87,655,708	11.39
Directorate of Finance	17,145,187	8,572,594	5,043,994	3,528,599	29.42
Directorate of Corporate Services	9,213,621	4,606,811	1,112,625	3,494,186	12.08
Directorate of Engineering Services	14,762,665	7,381,333	1,217,708	6,163,624	8.25
Directorate of Development Planning	27,529,244	13,764,622	4,659,193	9,105,429	16.92
Directorate of Community Services	15,890,156	7,945,078	776,379	7,168,699	4.89
Directorate of Health and Public Safety	2,048,516	1,024,258	476,253	548,005	23.25
TOTAL	361,942,369	180,971,185	50,808,071	130,163,114	14.04

Other expenditure includes operating projects as reflected in the table above. Operating projects expenditure for the two quarters ending 31 December 2009 is R50.81 million which is 14.04% of the adjusted budget and 28.08% of the projected cash flows of R180.97 million. Comments on the under expenditure are disclosed in **Annexure D** (Operating projects expenditure report).

Mayoral projects/hot spots projects are detailed below.

Table 8: Mayoral Projects/Hot Spots - Operating

Description	Adjusted Budget 2009/2010	YTD Expenditure	Variance	Expenditure Percentage
Community Services	10,736,968	3,949,588	6,787,380	37%
Development Planning	4,000,000	90,563	3,909,437	2%
Engineering Services	10,819,584	2,031,119	8,788,465	19%
Executive Support Services	655,360		655,360	0%
Housing	1,198,158	716,888	481,270	60%
TOTAL	27,410,070	6,788,158	20,621,912	25%

The overall Mayoral projects/hot spots expenditure for the two quarters ending 31 December 2009 is R6.79 million which is 25% of the adjusted budget of R27.41 million. The expenditure on the hot spots projects is R5.06 million which is 26% of the adjusted budget of R19.5 million.

Ndodana Consulting Engineers has been appointed to assist the Municipality in fast tracking the implementation of some of the Mayoral/hot spots projects.

Table 9 below gives the breakdown of the actual expenditure against the budget in projects that are implemented with the assistance of Ndodana Consulting Engineers.

Table 9: Actual Expenditure against Budget

Description	Adjusted Budget 2009/2010	YTD Expenditure	Variance	Expenditure Percentage
Develop Master Plan MDT Renewal	1,901,135	479,591	1,421,544	25%
Development Of Programme For City Hall	1,223,035	73,783	1,149,252	6%
Mdantsane Sports Complex	1,251,915	166,012	1,085,903	13%
KWT EXT 30 Development	370,000	368,916	1,084	100%
TOTAL	4,746,085	1,088,302	3,657,783	23%

4. CAPITAL EXPENDITURE

The total capital expenditure as at 31 December 2009 amounts to R129.9 million which is 14% of the adjusted budget for the 2009/10 financial year and 29% of the projected cash flows of R449.27 million. Comments on the under expenditure are disclosed in **Annexure E** (Capital Expenditure Report)

Table 10: Capital Expenditure per Funding Source against Budget

Funding Source	2009/2010 Approved Budget	2009/2010 1st Adjusted Budget	2009/2010 YTD Actual Expenditure	YTD Exp/1st Adj. Budget
	R	R	R	%
Capital Replacement Reserve	173,630,75	195,776,876	31,468,359	16%
Development Bank of South Africa Loan Phase 4	70,071,175	69,990,089	5,900,826	8%
Development Bank of South Africa Loan Phase 5	121,000,000	92,444,556	18,708,051	20%
Total Own Funding	364,701,850	358,211,520	56,077,236	16%
Buffalo City Metropolitan Transport	1,815,358	1,342,049	15,518	1%
Dept of Econ Dev Environ Affairs and Tourism	700,000	153,166	147,008	96%
Department of Land Affairs	2,082,276	2,070,676	9,575	0%
Dept of Sports Arts & Culture	50,000,000	48,716,533	7,560,012	16%
Department of Science and Technology	3,390,580	3,390,580	0	0%
Development Bank of South Africa Grant	51,078	51,078	0	0%
Department of Water Affairs	533,967	358,742	52,780	15%
Eastern Cape Development Co-Op	344,272	344,272	0	0%
European Commission	80,156,747	40,276,727	2,211,244	5%
Municipal Electricity Provider	35,327,718	13,013,018	3,568	0%
Leiden Platform	4,186,910	4,142,570	2,116,941	51%
Department of Local Government and Housing	121,977,719	110,372,811	15,973,565	14%
Lotto c/o	344,555	344,555	0	0%
Municipal Infrastructure Grant	291,988,094	255,923,455	45,510,547	18%
Neighbourhood Partnership Development Grant	15,643,000	18,043,000	20,438	0%
Disaster Management Fund	3,299,363	3,274,719	2,155	0%
Public	1,914,618	1,914,618	111,421	6%
Public Transport Infrastructure Grant	31,768,997	36,589,804	100,332	0%
Swedish International Development Agency	52,994	6,329	0	0%
Total Grant Funding	645,578,246	540,328,702	73,835,104	14%
TOTAL PER FUNDING	1,010,280,096	898,540,222	129,912,340	14%

Table 11 below gives a breakdown of the spending per Service.

Table 11: Actual Expenditure per Service against Budget

Services	2009/2010 Approved Budget R	2009/2010 Adjusted Budget R	2009/2010 YTD Expenditure R	2009/2010 Expenditure vs Adjusted Budget %
Water	100,283,918	87,198,894	14,262,179	16%
Waste Water	140,900,568	146,624,506	18,751,759	13%
Electricity	78,918,718	57,031,599	14,283,414	25%
Roads and Storm water	142,489,414	132,072,918	32,202,277	24%
Housing	125,477,719	113,372,811	15,973,565	14%
Transport Planning	86,654,039	70,454,477	5,129,958	7%
Cleansing	61,221,393	14,898,712	2,556,129	17%
Amenities	52,626,524	51,456,064	5,308,345	10%
Environmental Services	8,554,870	9,529,207	825,494	9%
Health Services	1,495,445	1,457,200	321,163	22%
Public Safety	46,609,451	43,813,377	988,668	2%
Support Services	101,269,968	108,355,430	15,888,422	15%
Other	68,782,068	62,275,029	3,420,967	5%
TOTAL PER SERVICE	1,015,284,095	898,540,223	129,912,341	14%

Table 12 below identifies the actual Capital Expenditure per Directorate against budget.

Table 12: Actual Expenditure per Directorate against Budget

Directorate	<u>2009/2010 Approved Budget R</u>	<u>2009/2010 Adjusted Budget R</u>	<u>2009/2010 YTD Expenditure R</u>	<u>2009/2010 Expenditure vs Adjusted Budget %</u>
Executive Support Services	63,677,072	61,495,116	8,348,107	15%
Mayoral/Hot spots projects	14,250,000	23,796,576	4,532,730	19%
Municipal Manager's Office	54,328	54,328	39,750	73%
Chief Operations Officer	142,977,719	122,372,811	15,973,565	13%
Directorate of Financial Services*	14,853,528	14,446,789	2,480,221	17%
Directorate of Corporate Services	7,935,040	8,062,622	487,614	6%
Directorate of Engineering Services	499,082,271	458,868,787	79,930,854	17%
Directorate of Development Planning	105,566,255	93,508,435	7,996,013	9%
Directorate of Community Services	118,061,787	70,042,983	8,726,644	12%
Directorate of Health & Public Safety	48,826,096	45,891,777	1,396,844	3%
TOTAL PER DIRECTORATE	1,015,284,095	898,540,223	129,912,341	14%

* Note: That the budget for the Directorate of Finance includes an amount of R2 million for Insurance Asset Replacement for the entire Buffalo City Municipality. The expenditure percentage with out Insurance Asset Replacement is 20%.

Mayoral Projects/Hot Spots are detailed below.

Table 13: Mayoral Projects/Hot Spots - Capital

Description	Adjusted Budget 2009/2010	YTD Expenditure	Variance	Expenditure Percentage
Housing	250,000		250,000	0%
Engineering Services	18,295,255	3,581,702	14,713,553	20%
Community Services	5,251,321	951,259	4,300,062	18%
TOTAL	23,796,576	4,532,961	19,263,615	19%

The overall Mayoral projects/hot spots expenditure for the two quarters ending 31 December 2009 is R4.5 million which is 19% of the adjusted budget of R23.8 million. The expenditure on the hot spots projects is R2.4 million which is 17% of the adjusted budget of R14.3 million.

5. EXPENDITURE ON CONDITIONAL GRANTS - DORA ALLOCATION

The 2009/10 financial year approved budget includes conditional grants DoRA allocation of R238.6. The total expenditure on conditional grants DoRA allocation as at 31 December 2009 amounts to R17.3 million which is 7% of R238.6 million. Comments on the under expenditure are disclosed in **Annexure D and E** (Capital and Operating Expenditure Report)

Table 14 below reflects the year to date expenditure on 2009/10 conditional grants DoRA allocation.

Table 14: Spending per Funding/Grant

Funding/Grant	2009/2010 Adjusted DoRA Alloc. R	2009/2010 YTD Expenditure R	2009/2010 Variance R	2009/2010 Expenditure vs Adjusted Budget %
Department of Water Affairs	3,588,000	24,115	3,563,885	1%
Finance Management Grant	1,000,000	33,194	966,806	3%
Municipal Systems Improvement Programme	500,000	0	500,000	0%
Municipal Electricity Provider	23,166,000	0	23,166,000	0%
Municipal Infrastructure Grant	172,136,000	17,236,038	154,899,962	10%
Neighbourhood Development Partnership Grant	7,000,000	20,438	6,979,562	0%
Public Transport Infrastructure Grant	31,213,000	0	31,213,000	0%
TOTAL	238,603,000	17,313,785	221,289,215	7%

Comments on the under expenditure are disclosed in **Annexure D and E** (Capital and Operating Expenditure Report)

6. RESTRUCTURING GRANT MILESTONES

Table 15: Financial Performance Indicators

Reporting Period:		Month ended 30 November 2009			
Indicator		Target	Actual	Variance	Comment
1.	Total Debt to Annual Income:	35%	24.1%	10.9%	The long term liabilities of the city amounts 24.1% of the annual revenue generated and is within the target.
2.	Capital Charges to Op. Exp:	16%	14%	2%	Capital Charges are 14% of the total operating expenditure and is within the expected target.
3.	Annual Collection Rate (Debtors):	97%	92.8%	-4.2%	The annual collection rate is below the desired target of 97%. This is due to the global economic climate.
4.	Net Debtors to Annual income:	18%	15.6%	2.4%	A net debtor to annual income 15.6 % and is within the target.
5.	Personnel Costs to Total Income:	30%	27.0%	3.0%	The city has been maintaining its personal costs within the target set by National Treasury.
6.	Creditors Days:	30	29	1	The city maintains its policy to pay its top 20 creditors within 30 days.

7. 2009/10 ADJUSTMENT TO THE OPERATIONAL AND CAPITAL PROJECTS PER FUNDING SOURCE

Table 16 reflects the adjustment to the grant funded operating projects to the available funding. This adjustment has resulted in a decrease of R101,032,162 to the operating projects budget (Refer to “Annexure G” for further details).

7.1 2009/2010 OPERATING PROJECTS BUDGET

TABLE 16: 2009/2010 OPERATING PROJECTS BUDGET ADJUSTMENT SUMMARY

OPEX PER FUNDING SOURCE	2009/2010 APPROVED BUDGET	2009/2010 ADJUSTMENT BUDGET	2009/2010 BUDGET ADJUSTMENTS	2009/2010 ADJUSTMENT BUDGET
<u>NEW PROJECTS</u>				
Own Funds	46,740,176	46,740,176	(6,104,659)	40,635,517
Dept. Land Affairs	500,000	500,000	(500,000)	0
Finance Management Grant	750,000	750,000	250,000	1,000,000
Dept. Local Government and Housing	173,804,022	173,804,022	(89,132,043)	84,671,979
Dept. Water Affairs & Forestry	7,460,400	7,460,400		7,460,400
Equitable Share	15,000,000	15,000,000		15,000,000
Dept. Science & Technology	5,000,000	5,000,000	(2,500,000)	2,500,000
Dept. of Local Govern. & Traditional Affairs	0	0	179,000	179,000
Sectoral Education & Training Authority	6,925,000	6,925,000		6,925,000
Disaster Management Fund	0	0	200,000	200,000
Municipal Infrastructure Grant	4,000,000	4,000,000	(4,000,000)	0
Municipal Systems Improvement Grant	500,000	500,000		500,000
SALAJDA	1,014,000	1,014,000		1,014,000
European Commission	11,020,000	500,000		500,000
Dept of Provincial Local Government	500,000	500,000		500,000
LOTTO	603,708	603,708		603,708
Leiden	440,567	300,000	1,108,763	1,408,763
TOTAL NEW OPEX PROJECTS	274,257,873	263,597,306	(100,498,939)	163,098,367
<u>ROLLED-OVER PROJECTS</u>				
Own Funds	9,135,722	6,979,695	56,850	7,036,545
Buffalo City Metropolitan Transport	396,431	344,060		344,060
Department of Arts and Culture	131,037	58,499		58,499
Development Bank of South Africa	234,779	234,779	(200,000)	34,779
Dept. Environmental Affairs and Tourism	140,000	140,000		140,000
Dept. Local Govern. Housing & Trad. Affairs	2,717,337	2,709,903	(769,000)	1,940,903
Donor Funding	1,255,192	1,073,786		1,073,786
Dept. of Science & Technology	582,889	582,889	(500,000)	82,889
Dept. Water Affairs & Forestry	4,553,060	4,519,340		4,519,340
Equitable Share	14,920,248	7,910,070	1,050,516	8,960,586
European Commission	6,909,923	4,459,753	1,328,939	5,788,692
Finance Management Grant	550,055	422,629		422,629
Leiden	18,948	18,948		18,948
Dept. Housing and Local Government	69,500,798	56,012,374	7,653,452	63,665,826
LOTTO	1,956,994	1,321,975	(133,073)	1,188,902
Mdantsane Urban Renewal Programme	10,000	10,000	(10,000)	0
Municipal Infrastructure Grant	10,405,358	10,310,907	(9,010,907)	1,300,000
Municipal Systems Improvement Grant	415,163	0		0
SALAJDA	1,094,137	650,678		650,678
Sectoral Education & Training Authority	414,443	155,944		155,944
Swedish International Development Agency	104,989	57,167		57,167
Trust Funds	408,301	371,669		371,669
TOTAL ROLLED-OVER OPEX PROJECTS	125,855,804	98,345,065	(533,223)	97,811,842
TOTAL OPEX PER FUNDING SOURCE	400,113,677	361,942,371	(101,032,162)	260,910,209

7.2 2009/2010 CAPITAL BUDGET ADJUSTMENT

Table 17 reflects the adjustment to the Capital projects to the available funding. This adjustment has resulted in a decrease of R149, 881,198 to the capital projects budget (Refer to “Annexure G” for further details).

TABLE 17: 2009/2010 CAPITAL BUDGET ADJUSTMENT SUMMARY

CAPEX PER FUNDING SOURCE	2009/2010 APPROVED BUDGET	2009/2010 ADJUSTMENT BUDGET	2009/2010 BUDGET ADJUSTMENTS	2009/2010 ADJUSTMENT BUDGET
<u>NEW PROJECTS</u>				
Own Funding	15,000,000	15,000,000	(370,000)	14,630,000
Capital Replacement Reserve	105,740,192	104,226,783	6,989,935	111,216,718
Development Bank of South Africa	83,689,000	53,689,000	840,000	54,529,000
BCM Metropolitan Transport	200,000	200,000		200,000
Dept. Local Government and Housing	98,327,845	98,327,845	(67,452,934)	30,874,911
Dept. Water Affairs & Forestry	278,870	278,870		278,870
European Commission	33,000,000	2,500,000		2,500,000
Leiden	4,000,000	4,000,000		4,000,000
National Electrification Programme	13,000,000	13,000,000		13,000,000
Dept. Science & Technology	3,000,000	3,000,000	(3,000,000)	0
Dept. of Energy	0	0	4,200,000	4,200,000
Municipal Infrastructure Grant	174,503,495	174,550,660	(6,604,660)	167,946,000
Neighbourhood Dev. Partnership Grant	9,143,000	11,543,000	(11,543,000)	0
Public	1,000,000	1,000,000		1,000,000
Public Trans. Infrastructure Systems Grant	31,213,000	31,213,000		31,213,000
Disaster Management Grant	3,000,000	3,000,000		3,000,000
TOTAL NEW CAPEX	575,095,402	515,529,158	(76,940,659)	438,588,499
<u>ROLLED-OVER PROJECTS</u>				
Own Funding	0	8,796,576		8,796,576
Capital Replacement Reserve	38,390,483	67,753,517	(3,775,835)	63,977,682
Development Bank of South Africa	121,882,175	108,745,645	(9,042,954)	99,702,691
BCM Metropolitan Transport	1,615,358	1,142,049	1,400,000	2,542,049
Dept. Local Government and Housing	23,649,873	12,044,965	(5,908,876)	6,136,089
Dept. Water Affairs & Forestry	255,097	79,872		79,872
European Commission	47,156,747	37,776,727	(1,328,939)	36,447,788
Leiden	186,910	142,570		142,570
National Electrification Programme	22,327,718	13,017		13,017
Dept. Science & Technology	390,580	390,580		390,580
Municipal Infrastructure Grant	117,484,599	81,372,798	(47,783,935)	33,588,863
Neighbourhood Dev. Partnership Grant	6,500,000	6,500,000	(6,500,000)	0
Public	914,618	914,618		914,618
Public Trans. Infrastructure Systems Grant	5,559,997	5,376,804		5,376,804
Disaster Management Grant	299,363	274,719		274,719
Dept. Sports Recreation Arts & Culture	50,000,000	48,716,533		48,716,533
Dept. Environmental Affairs & Tourism	700,000	153,166		153,166
Dept of Land Affairs	2,082,276	2,070,676		2,070,676
Development Bank of South Africa Grant	51,078	51,078		51,078
Eastern Cape Development Co-Operation	344,272	344,272		344,272
LOTTA	344,555	344,555		344,555
Swedish International Development Agency	52,994	6,329		6,329
TOTAL ROLLED-OVER CAPEX	440,188,693	383,011,066	(72,940,539)	310,070,527
TOTAL CAPEX PER FUNDING SOURCE	1,015,284,095	898,540,224	(149,881,198)	748,659,026

8. RECOMMENDATION

It is recommended that:

1. Council notes the Mid-Year Budget and Performance Assessment Report for the 2009/10 Financial Year in terms of S72 of the MFMA and the Supporting Documentation attached as Annexure A to G.
2. Council considers the financial state of affairs of the Municipality as reflected in this report and take note of the following:
 - 2.1 the decline in the collection rate,
 - 2.2 the Municipality's inability to take up any further long term borrowings in the near future as the benchmarked debt to revenue ceiling of 35% set by National Treasury will be surpassed by the end of the financial year ending 30 June 2010.
3. Council notes that in terms of current cash flow projections the Municipality will be totally dependant on grant funding by 2012/13 financial year to fund its capital infrastructure programme if the debtors collection rate does not improve beyond 95%.
4. Council considers the adjustment to operational and capital projects and approves the implementation of the adjustment as detailed in Annexure G.
5. Council considers the tabling of an adjustment budget not later than 28 February 2010, taking into account the following:

The appropriation of any additional revenue received during the current financial year.

Any unforeseeable and unavoidable expenditure that has been incurred in the current financial year and approved by the Executive Mayor

Adjustments to the Operating and Capital budget for Virements and transfer of funding.

Transfer of projects of an operating nature from the capital budget to the operating budget.

Adjustments of expenditure levels where the actual billings are below the projected budget.

Savings on staff budget be utilized to fund additional operating budget requests received from Directorates.

6. No payment be made for overtime in excess of 40 hours per month except if it relates to emergency work and proof is attached to exception report and is approved by the Director.
7. No additional budget be allocated to directorates who have exhausted their approved over time budget and that directors be made accountable for the utilization of overtime budget for other non-related expenditure.
8. Council notes the decline in the payment levels for December 2009 by approximately 10% due to waiver of electricity blocking (Gesture of Goodwill) to all consumers.
9. Council considers reviewing the waiver of Gesture of Goodwill as it impacts on the collection rate of the Municipality.

10. Council notes that an indigent policy which was previously included with the credit control and debt management policy is currently being reviewed as a stand alone policy and will inform the indigent registration campaign.

COUNCILOR Z. FAKU
EXECUTIVE MAYOR

DATE

ANNEXURES:

Annexure A

- C1 - Consolidated Monthly Budget Statement Summary
- C2 - Consolidated Monthly Budget Statement Financial Performance (Std Classification)
- C3 - Consolidated Monthly Budget Statement Financial Performance (By Municipal Vote)
- C5 - Consolidated Monthly Budget Statement Capital Expenditure (Municipal Vote, Std Classification and Funding)
- C6 - Consolidated Monthly Budget Statement Financial Position
- C7 - Consolidated Monthly Budget Statement Cash Flow

Annexure B

- SC1 - Material Variance Explanation
- SC2 - Performance Indicators
- SC3 - Aged Debtors
- SC4 - Aged Creditors
- SC5 - Investment Portfolio
- SC6 - Transfers and Grants Receipts
- SC7 - Transfers and Grants Expenditure
- SC8 - Councillor and Staff Benefit
- SC9 - Actuals and Revised Targets for Cash Receipts
- SC12 - Capital Expenditure trend
- SC13a - Capital Expenditure on New Assets by Class
- SC13b - Capital Expenditure on Renewal of Existing Assets by Class
- SC13c - Expenditure on Repairs and Maintenance by Asset Class

Annexure C

- C1 - Service Delivery and Budget Implementation Plan
- C2 - Summary of Material Variances and Corrective Steps of Service Delivery and Budget Implementation Plan.

Annexure D : Schedule of Operating Projects

Annexure E : Schedule of Capital Projects

Annexure F: Schedule of Borrowings

Annexure G : 2009/10 Adjustment to the Operating Projects (A) and Capital Projects (B)