

ANNUAL BUDGET OF

NAMAKWA DISTRICT MUNICIPALITY

2011/12 TO 2013/14
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

Nadat die artikel 72 verslag ondersoek is en as gevolg van veranderde omstandighede is dit nodig dat Namakwa Distriksmunisipaliteit 'n aansuiweringbegroting moet goedkeur.

Met die bewuswording van die FET college in Okiep se uitbreiding, het die Namakwa Distriksmunisipaliteit dit goed gedink om ter wille van die streek en die kapasiteitsbou van die inwoners, deel te wees van hierdie uitbreidingsprojek. Daar is ooreengekom met die rolspelers dat Namakwa Distriksmunisipaliteit R 5 000 000 beskikbaar sal stel om deel te hê aan die finansiering van die projek. Die eerste helfte sal teen 31 Maart 2012 oorbetal word en die tweede helfte teen 31 Augustus 2012.

Daar is ook verdere behoeftes by die B- Munisipaliteite geïdentifiseer toe die Burgemeesterkomitee die munisipaliteite besoek het, en is dit nodig om 'n bykomende bedrag van R 4 500 000 daarvoor te begroot. Hierdie twee projekte sal gefinansier word uit die opgelope inkomste van die Munisipaliteit

Met die strategiese sessie is sekere leemtes in die administrasie geïdentifiseer en om dit aan te spreek is die volgende poste nodig:

- | | |
|---------------------------------------|--------------------|
| 1. Hoof Behuising – | Munisipale Bstuur |
| 2. 2 X Kommunikasie Beamptes – | Munisipale Bestuur |
| 3. Algemene assistent | Politieke vleuel |
| 4. Algemene assistent | Toerisme en NEAR |
| 5. 3 X Sosiale Ontwikkelings beamptes | Burgemeester |

Die nodige administratiewe uitgawes om hierdie poste te bedien is ook voor begroot

Twee nuwe begrotings poste is geskep om voorsiening te maak vir die projekte van die hawe ontwikkelings te Hondeklipbaai en Port Nolloth asook die visverwerkings aanleg in Port Nolloth. Die netto effek van hierdie twee poste is die administrasie inkomste wat NDM sal ontvang as implimenteringsagente.

Aanpassings waar onder of oor gespandeer sal word, is op lynitems aangebbring.

Verskuiwing van fondse tussen lynitems is soos versoek, aangebbring.

Die oordrag van die voertuighuur vanaf algemene uitgawes na voertuig toelaag onder salarisuitgawes is gedoen om die vervoerskema te finansier. Die vervoerskema is eers goedgekeur nadat die begroting aanvaar is.

Al hierdie addisionele aanpassings verhoog die tekort vanaf R105 000 na R7 963 000 wat 'n verdere tekort van R 7 858 000 meebring waarvan R 7 000 000 uit opgehoopde inkomste gefinansier sal word. Die ander aansuiwering beloop dus R858 000.

Kapitaal Begroting

Die kapitaal begroting verhoog vanaf R848 000 na R1 429 000 wat 'n verhoging van R581 000 beloop. Van hierdie addisionele begroting word R104 000 uit Provinsiale toekennings gefinansier en wel uit die NEAR Grant vir kapitaal projekte wat benodig is vir die Nood Beheer. Die restant van die addisionele kapitale begroting sal uit eie fondse gefinansier word en is dan hoofsaaklik sagteware programme wat aangeskaf moet word in die Finansiële Department. Daar is ook begroot vir die oprigting van afdakke by die Toerisme Kantoor.

1.2 Council Resolutions

On 24 January 2012 the Council of Namakwa District Municipality met in the Council Chambers of Namakwa District Municipality in Springbok to consider the adjustment budget of the municipality for the financial year 2011/12. The Council approved and adopted the following resolutions:

1. The Council of Namakwa District Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The adjustment budget of the municipality for the financial year 2011/12 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. To give proper effect to the municipality's annual budget, the Council of Batho Pele City Local Municipality approves:
 - 2.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 2.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2011/12 financial year limited to an amount of R1 billion per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

2.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Namakwa District Municipality's financial plan is essential and critical to ensure that the Namakwa District Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Namakwa District Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The Namakwa District Municipality has embarked on implementing a revenue collection strategies to optimize the collection of debt owed by debtors. Furthermore, the Namakwa District Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51 and 54 were used to guide the compilation of the 2011/12 MTREF.

The main challenges experienced during the compilation of the 2011/12 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Long outstanding government debtors;

The following budget principles and guidelines directly informed the compilation of the 2011/12 MTREF:

- The 2011/12 Annual Budget priorities and targets, as well as the base line allocations contained in that Annual Budget were adopted as the upper limits for the new baselines for the 2011/12 adjustment budget;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

	Annual Budget 2011/12	Adjustment budget 2011/12	Annual Budget 2012/13	Annual Budget 2013/14
Operational Income	R71 624 000	R72 445 000	R73 647 000	R62 357 000
Operational Expenditure	R72 087 000	R80 766 000	R77 891 000	R65 632 000
Net Profit/ (Deficit)	(R 105 000)	(R7 963 000)	(R 4 199 000)	(R 3 235 000)

Capital Budget	R 848 000	R 1 429 000	R 950 000	R 1 424 000
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Total operating revenue has grown by 1.15 per cent or 72 445 000 from the 2011/12 Adjustment Budget when compared to the 2011/12 Annual Budget. For the two outer years, operational revenue will increase by 1.41 and decrease with 15.2 per cent respectively.

Total operating expenditure for the 2011/12 financial year has been appropriated at R80 766 000 and translates into a budgeted deficit of R7 963 000. When compared to the 2010/11 Adjustments Budget, operational expenditure has grown by 17.2 per cent in the 2011/12 budget and by 12.6 and 13.7 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R559 million and then stabilise at R553 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R1 429 000 for 2011/12 is 69.5 per cent increase when compared to the 2011/12 Annual Budget. The increase is due to various computer needs that needed to be addressed.

1.4 Operating Revenue Framework

For Namakwa District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Table B2 Adjustments Budget Financial Performance (standard classification) -

Standard Description	Ref	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
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		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1,4	A	F	G	H		
Revenue - Standard							
<i>Governance and administration</i>	0	44 960	(8 350)	(8 350)	36 610	37 314	37 772
Executive and council		10 090	(6 658)	(6 658)	3 432	3 100	3 190
Budget and treasury office		27 807	318	318	28 125	29 175	29 154
Corporate services		7 063	(2 009)	(2 009)	5 054	5 039	5 428
<i>Community and public safety</i>		1 679	1 959	1 959	3 638	3 254	3 421
Community and social services		-	1 959	1 959	1 959	2 063	2 176
Sport and recreation		-	-	-	-	-	-
Public safety		1 679	-	-	1 679	1 191	1 245
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
<i>Economic and environmental services</i>		25 334	7 218	7 218	32 553	33 121	21 201
Planning and development		22 106	7 857	7 857	29 964	32 282	20 315
Road transport		3 228	(639)	(639)	2 589	840	886
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
<i>Other</i>		10	(7)	(7)	3	3	3
Total Revenue - Standard	2	71 983	821	821	72 803	73 692	62 397

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from Government Grants forms the major source of revenue of Namakwa District Municipality

1.5 Operating Expenditure Framework

The Namakwa District Municipality's expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Table 3 Summary of operating expenditure by standard classification item

B2 Adjustments Budget Financial Performance (standard classification) -

Standard Description	Ref	Budget Year 2011/12				Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	F	G	H		
<u>Revenue - Standard</u>							
<u>Expenditure - Standard</u>	-						
<i>Governance and administration</i>		33 105	218	218	33 323	29 283	28 104
Executive and council		21 541	633	633	22 174	18 277	16 561
Budget and treasury office		4 877	(71)	(71)	4 806	4 995	5 201
Corporate services		6 687	(344)	(344)	6 343	6 011	6 341
<i>Community and public safety</i>		8 905	(316)	(316)	8 589	8 625	9 088
Community and social services		5 021	(41)	(41)	4 980	5 244	5 532
Sport and recreation		-	-	-	-	-	-
Public safety		3 789	(230)	(230)	3 560	3 330	3 501
Housing		-	-	-	-	-	-
Health		95	(46)	(46)	50	52	55
<i>Economic and environmental services</i>		28 358	8 691	8 691	37 049	38 082	26 435
Planning and development		25 130	9 545	9 545	34 675	37 242	25 549
Road transport		3 228	(854)	(854)	2 374	840	886
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
<i>Other</i>		1 719	86	86	1 805	1 901	2 005
Total Expenditure - Standard	3	72 087	8 679	8 679	80 766	77 891	65 632
Surplus/ (Deficit) for the year		(105)	(7 858)	(7 858)	(7 963)	(4 199)	(3 235)

The budgeted allocation for employee related costs for the 2011/11 financial year totals R25 765 000, which equals 31.9 per cent of the total operating expenditure. As part of the planning assumptions and interventions all essential vacancies were advertised new positions were identified to ensure effective administration and service delivery.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Namakwa District Municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R850 000 for the 2011/12 financial year and equates to 1.05 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Contracted services have been implemented for the Working for Water programme as required by Dept. of Environmental Affairs.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5 per cent for 2011/12 and curbed at 6.2 and 5.9 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2011/12 financial year.

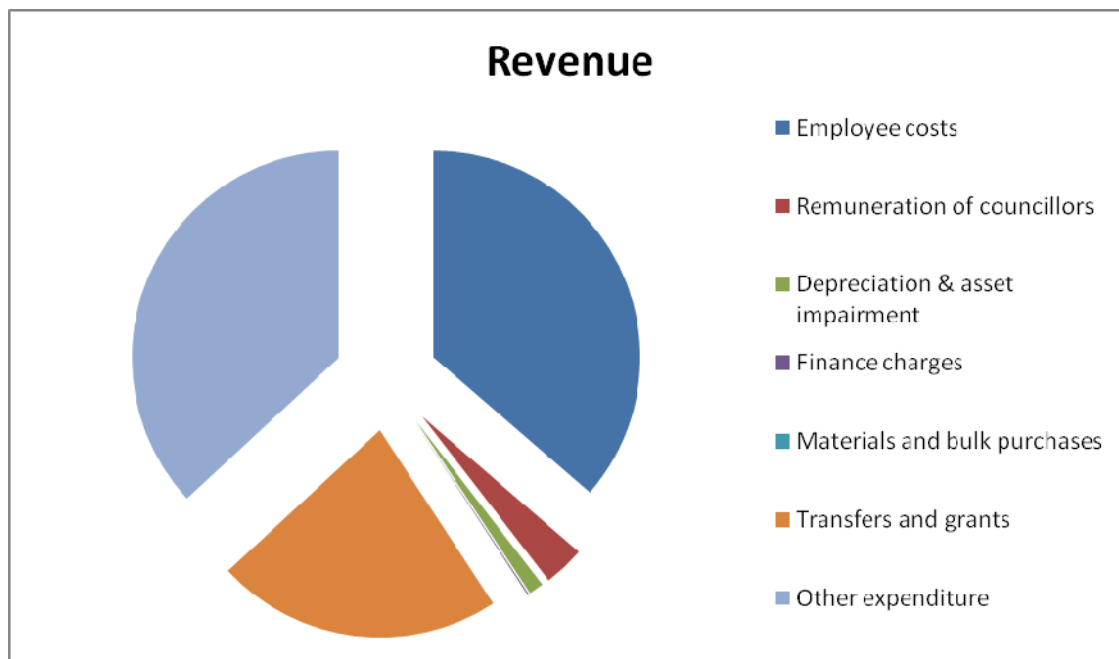


Figure 1 Main operational expenditure categories for the 2011/12 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2011/12 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 4 Operational repairs and maintenance

Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -

Description	Ref	Budget Year 2011/12			Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	G	H		
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>						
<u>Other assets</u>		1 133	-	1 133	1 193	1 258
General vehicles		60	-	60	63	67
Specialised vehicles		-	-	-	-	-
Plant & equipment		6	-	6	6	7
Computers - hardware/equipment		-	-	-	-	-
Furniture and other office equipment		447	-	447	470	496
Abattoirs		-	-	-	-	-
Markets		-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-
Other Buildings		620	-	620	653	689
Other Land		-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-
Other		-	-	-	-	-
Computers - software & programming		-	-	-	-	-
Other (list sub-class)		-	-	-	-	-
Total Repairs and Maintenance Expenditure to be adjusted		1 133	-	1 133	1 193	1 258

The total allocation for 2011/12 equates to R1 133 00 down from R2 545 000 in the previous financial year. In relation to the total operating expenditure, repairs and maintenance comprises of 1.4 per cent for financial year of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 5 Repairs and maintenance per asset class

Description	Budget Year 2011/12			Budget Year +1 2012/13	Budget Year +2 2013/14
	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	14 H		
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>					
<u>Other assets</u>	1 133		1 133	1 193	1 258
General vehicles	60		60	63	67
Specialised vehicles	-		-	-	-
Plant & equipment	6		6	6	7
Computers - hardware/equipment	-		-	-	-
Furniture and other office equipment	447		447	470	496
Abattoirs	-		-	-	-
Markets	-		-	-	-
Civic Land and Buildings	-		-	-	-
Other Buildings	620		620	653	689
Total Repairs and Maintenance Expenditure to be adjusted	1 133		1 133	1 193	1 258

For the 2011/12 financial year, 54.7 per cent or R1.133 million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

As the Municipality does not provide services to public, no provision has been made for free basic services.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 2011/12 Medium-term capital budget per vote

Description	Ref	Budget Year 2011/12				Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	10 F	11 G	12 H		
<u>Capital Expenditure - Standard</u> <i>Governance and administration</i>		707	477	477	1 184	795	930

Executive and council		28	15	15	43	85	100
Budget and treasury office		-	412	412	412	50	90
Corporate services		679	50	50	729	660	740
Community and public safety		39	-	-	39	25	27
Community and social services		39	-	-	39	25	27
Sport and recreation		-	-	-	-	-	-
Public safety		-	-	-	-	-	-
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
Economic and environmental services		84	-	-	84	65	452
Planning and development		84	-	-	84	65	452
Road transport		-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-
Trading services		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
Other		19	104	104	123	65	15
Total Capital Expenditure - Standard	3	848	581	581	1 429	950	1 424
Funded by:							
National Government		355	-	-	355	20	460
Provincial Government		9	104	104	113	45	-
District Municipality		-	-	-	-	-	-
Other transfers and grants		24	-	-	24	-	-
Total Capital transfers recognised	4	387	104	104	491	65	460
Public contributions & donations		-	-	-	-	-	-
Borrowing		-	-	-	-	-	-
Internally generated funds		461	477	477	938	885	964
Total Capital Funding		848	581	581	1 429	950	1 424

Table 7 MBRR Table A1 - Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Financial Performance										
Property rates	-	-	383	405	405	405	405	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	3 967	5 544	3 683	1 800	1 800	1 800	1 800	2 140	2 253	2 377
Transfers recognised - operational	43 634	51 209	35 358	59 200	59 992	59 992	59 992	52 667	34 615	35 900
Other own revenue	18 518	16 341	21 564	41 145	43 453	43 453	43 453	16 817	15 020	15 847
Total Revenue (excluding capital transfers and contributions)	66 119	73 094	60 987	102 550	105 650	105 650	105 650	71 624	51 889	54 124
Employee costs	17 242	19 875	21 456	28 225	28 532	28 532	28 532	20 248	21 141	22 304
Remuneration of councillors	2 115	2 134	2 232	3 522	3 530	3 530	3 530	3 471	3 655	3 856
Depreciation & asset impairment	807	1 206	1 641	692	692	692	692	847	892	941
Finance charges	893	828	2 107	860	227	227	227	120	126	133

Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	12 032	13 230	8 980	39 574	41 848	41 848	41 848	25 557	5 497	5 665
Other expenditure	25 267	32 514	19 482	33 353	34 571	34 571	34 571	21 844	19 443	20 512
Total Expenditure	58 355	69 786	55 897	106 226	109 400	109 400	109 400	72 087	50 754	53 411
Surplus/(Deficit)	7 764	3 308	5 090	(3 676)	(3 750)	(3 750)	(3 750)	(463)	1 135	713
Transfers recognised - capital	-	-	-	55	55	55	55	359	45	40
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	7 764	3 308	5 090	(3 621)	(3 695)	(3 695)	(3 695)	(105)	1 180	753
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	7 764	3 308	5 090	(3 621)	(3 695)	(3 695)	(3 695)	(105)	1 180	753
Capital expenditure & funds sources										
Capital expenditure	586	1 451	3 984	1 837	2 245	2 245	2 245	848	950	1 424
Transfers recognised - capital	136	-	-	55	55	55	55	387	65	460
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	451	1 451	3 984	1 782	2 190	2 190	2 190	461	885	964
Total sources of capital funds	586	1 451	3 984	1 837	2 245	2 245	2 245	848	950	1 424
Financial position										
Total current assets	74 464	63 099	78 629	67 786	67 404	67 404	67 404	52 639	55 656	58 049
Total non current assets	8 517	10 221	12 970	7 164	7 572	7 572	7 572	7 507	7 504	7 928
Total current liabilities	36 756	22 655	32 922	21 878	21 978	21 978	21 978	6 907	7 420	8 058
Total non current liabilities	4 760	4 165	18 141	16 156	16 156	16 156	16 156	16 503	17 823	19 249
Community wealth/Equity	41 465	46 499	40 537	36 915	36 841	36 841	36 841	36 737	37 917	38 670
Cash flows										
Net cash from (used) operating	20 627	(3 595)	17 686	(4 795)	(9 147)	(9 147)	(9 147)	(12 846)	4 832	3 079
Net cash from (used) investing	(285)	(829)	(2 189)	(1 837)	(2 245)	(2 245)	(2 245)	(848)	(950)	(1 424)
Net cash from (used) financing	(336)	(575)	(609)	(4 378)	-	-	-	-	-	-
Cash/cash equivalents at the year end	66 896	61 898	76 785	65 775	65 393	65 393	65 393	51 699	55 582	57 237
Cash backing/surplus reconciliation										
Cash and investments available	66 897	61 899	76 786	65 776	65 394	65 394	65 394	51 701	54 613	56 900
Application of cash and investments	64 111	39 847	46 764	36 386	36 894	36 894	36 894	6 918	7 805	8 472
Balance - surplus (shortfall)	2 786	22 052	30 022	29 390	28 500	28 500	28 500	44 783	46 808	48 428
Asset management										
Asset register summary (WDV)	8 451	10 219	12 969	7 162	7 570	7 570	7 506	7 506	7 503	7 927
Depreciation & asset impairment	807	1 206	1 641	692	692	692	847	847	892	941
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1 585	1 789	1 880	2 110	2 545	2 545	1 133	1 133	1 193	1 258

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently many of its obligations are cash-backed. This place the municipality in a very favourable financial position. Over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14.

Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Description	Ref	Budget Year 2011/12				Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	10 F	11 G	12 H		
Revenue - Standard							
<i>Governance and administration</i>	0	44 960	(8 350)	(8 350)	36 610	37 314	37 772
Executive and council		10 090	(6 658)	(6 658)	3 432	3 100	3 190
Budget and treasury office		27 807	318	318	28 125	29 175	29 154
Corporate services		7 063	(2 009)	(2 009)	5 054	5 039	5 428
<i>Community and public safety</i>		1 679	1 959	1 959	3 638	3 254	3 421
Community and social services		-	1 959	1 959	1 959	2 063	2 176
Sport and recreation		-	-	-	-	-	-
Public safety		1 679	-	-	1 679	1 191	1 245
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
<i>Economic and environmental services</i>		25 334	7 218	7 218	32 553	33 121	21 201
Planning and development		22 106	7 857	7 857	29 964	32 282	20 315
Road transport		3 228	(639)	(639)	2 589	840	886
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
<i>Other</i>		10	(7)	(7)	3	3	3
Total Revenue - Standard	2	71 983	821	821	72 803	73 692	62 397
Expenditure - Standard	-						
<i>Governance and administration</i>		33 105	218	218	33 323	29 283	28 104
Executive and council		21 541	633	633	22 174	18 277	16 561
Budget and treasury office		4 877	(71)	(71)	4 806	4 995	5 201
Corporate services		6 687	(344)	(344)	6 343	6 011	6 341
<i>Community and public safety</i>		8 905	(316)	(316)	8 589	8 625	9 088
Community and social services		5 021	(41)	(41)	4 980	5 244	5 532
Sport and recreation		-	-	-	-	-	-
Public safety		3 789	(230)	(230)	3 560	3 330	3 501
Housing		-	-	-	-	-	-
Health		95	(46)	(46)	50	52	55
<i>Economic and environmental services</i>		28 358	8 691	8 691	37 049	38 082	26 435
Planning and development		25 130	9 545	9 545	34 675	37 242	25 549
Road transport		3 228	(854)	(854)	2 374	840	886
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-

Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
<i>Other</i>		1 719	86	86	1 805	1 901	2 005
Total Expenditure - Standard	3	72 087	8 679	8 679	80 766	77 891	65 632
Surplus/ (Deficit) for the year		(105)	(7 858)	(7 858)	(7 963)	(4 199)	(3 235)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2010. Key dates applicable to the process were:

- **August 2011** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2011/12 MTREF;
- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2012** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

- **24 January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;
- **February 2012** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2011/12 MTREF is revised accordingly;
- **31 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **6 May 2012** - Closing date for written comments;
- **6 to 21 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF in August.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2011/12 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2011/12 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2010/11 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2011/12 MTREF:

- District of Namakwa' growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2011/12 MTREF as tabled before Council on 1 April 2011 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and municipality's web site. The adjustment budget was tabled before council on 24 January 2012.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs..

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2011/12 MTREF. Feedback and responses to the submissions received are available on request.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a

municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the district, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 9 IDP Strategic Objectives

2010/11 Financial Year	2011/12 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable	3.1 Fight poverty and build clean, healthy, safe and sustainable communities

communities	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide housing;
 - o Assist local municipalities to provide infrastructure for service delivery; and
 - o Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - o Working with the provincial department of health to provide primary health care services;
 - o Ensuring all waste water treatment works are operating optimally;
 - o Working with strategic partners such as SAPS to address crime;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;
 - o Promote viable, sustainable communities through proper zoning; and
 - o Promote environmental sustainability by protecting wetlands and key open spaces.

- 3.2 Integrated Social Services for empowered and sustainable communities
 - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - o Optimising effective community participation in the ward committee system; and
 - o Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a medium to long-term horizon; 5 to 10 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. All the other government and non government projects are also included in the municipality's IDP.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing previous disadvantage areas;
 - Enforcing hard development lines – so as to direct private investment;
 - Maintaining existing urban areas;
 - Strengthening key economic clusters;
 - Building social cohesion;
 - Strong developmental initiatives in relation to the municipal institution as a whole;
- and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2011/12 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 10 DC6 Namakwa - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation		10 562	10 555	1 078	24 003	24 793	24 793	22 106	12 257	12 876
	Develop, manage and regulate the built and natural environment		-	-	-	-	-	-	-	-	-
Quality Living Environment	Meet service needs and address backlogs		23 717	27 519	21 373	29 885	30 565	30 565	3 228	1 061	1 120
Safe, Healthy and Secure Environment	Promoting the safety of citizens		1 730	1 048	2 569	2 720	3 213	3 213	1 679	1 191	1 245
	Promoting the health of citizens		-	-	-	-	-	-	-	-	-
Embracing our Cultural Diversity	Promote sport and recreation within the town		-	-	-	-	-	-	-	-	-
Good Governance	Ensure accessibility and promote governance.		4 897	6 711	6 336	18 654	19 104	19 104	17 163	8 751	9 346
	Create an efficient, effective and accountable administration		-	-	-	-	-	-	-	-	-
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow and diversify our revenues and Value for money expenditure		25 213	27 261	29 631	27 343	28 030	28 030	27 807	28 673	29 577
Total Revenue (excluding capital transfers and contributions)		1	66 119	73 094	60 987	102 605	105 705	105 705	71 983	51 934	54 164

References

Table 11 DC6 Namakwa - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation		12 308	13 326	9 416	28 028	28 963	28 963	25 130	15 265	16 050
	Develop, manage and regulate the built and natural environment		-	-	-	-	-	-	-	-	-
Quality Living Environment	Meet service needs and address backlogs		24 137	27 587	17 745	31 224	30 495	30 495	3 228	1 061	1 120
Safe, Healthy and Secure Environment	Promoting the safety of citizens		3 904	3 976	4 677	7 765	7 818	7 818	8 905	8 801	9 274
	Promoting the health of citizens		-	-	-	-	-	-	-	-	-
Embracing our Cultural Diversity	Promote sport and recreation within the town		-	-	-	-	-	-	-	-	-
Good Governance	Ensure accessibility and promote governance.		15 152	21 107	19 828	35 240	37 588	37 588	29 947	20 556	21 687

	Create an efficient, effective and accountable administration		-	-	-	-	-	-	-	-	-
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow and diversify our revenues and Value for money expenditure		2 854	3 789	4 231	3 969	4 536	4 536	4	5 069	5 279
		1	58 355	69 786	55 897	106 226	109 400	109 400	877	50 754	53 411

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

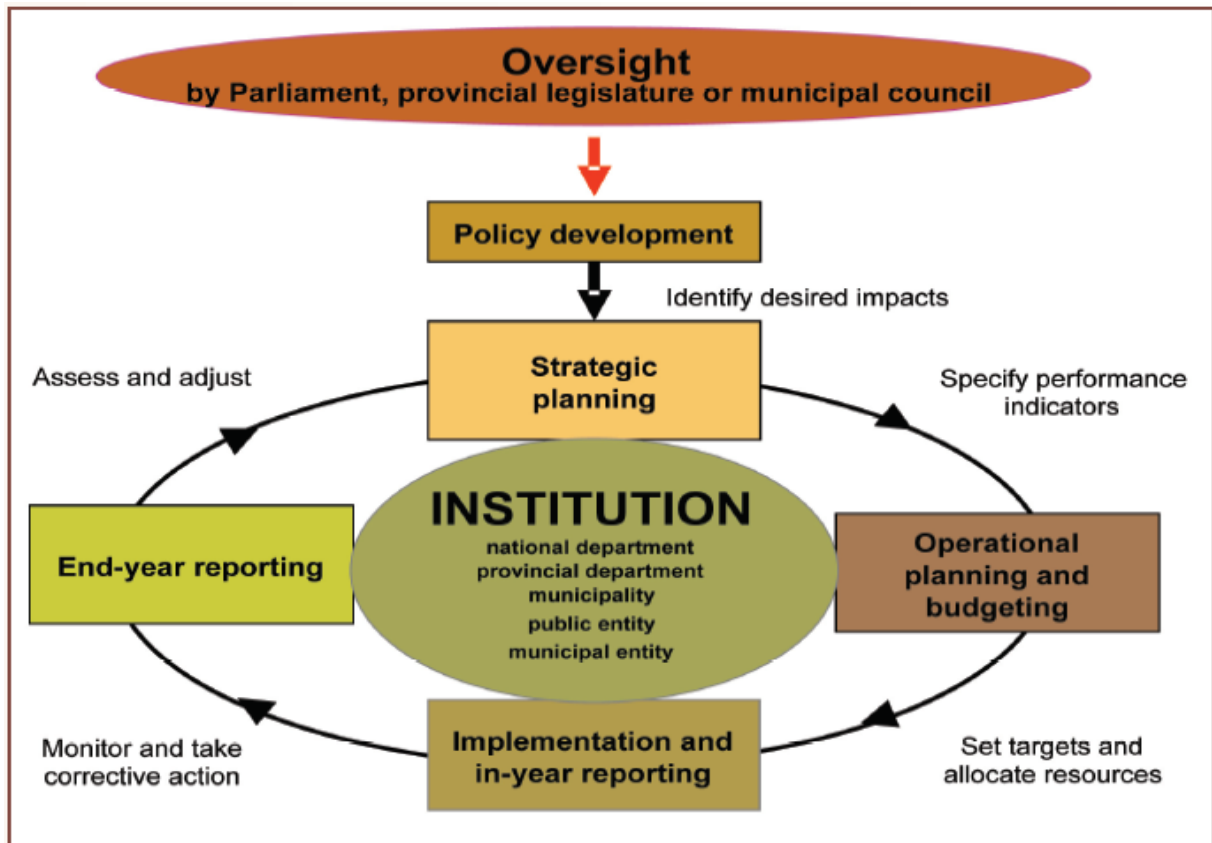


Figure 2 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 11 Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks -

Description of financial indicator	Basis of calculation	Budget Year 2011/12			Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>						
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%
Credit Rating	Short term/long term rating					
Capital Charges to Operating Expenditure	0	0.2%	0.0%	0.1%	0.1%	0.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>						
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	5078.2%	0.0%	2807.5%	3208.6%	3548.6%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>						
Current Ratio	Current assets/current	762.1%	0.0%	547.0%	436.6%	324.5%

Current Ratio adjusted for aged debtors	liabilities Current assets/current liabilities less debtors > 90 days/current liabilities	108.7%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	7.5	0.0	5.4	4.3	3.2
Revenue Management						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	1.3%	0.0%	1.2%	1.4%	1.8%
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))					
Funding of Provisions						
Provisions not funded - %	Unfunded Provns./Total Provisions					
Other Indicators						
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated					
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source					
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.3%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.6%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.3%	0.0%	1.3%	1.3%	1.6%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	25718.5%	0.0%	26180.9%	23919.6%	24012.1%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.0	0.0	0.8	0.8	1.0

Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.1%	27.2%	35.2%	27.5%	27.0%	27.0%	27.0%	28.3%	40.7%	41.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	30.7%		53.7%	78.1%	79.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	2.6%	2.8%	6.1%	1.5%	0.9%	0.9%	0.9%	1.3%	2.0%	2.0%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.7	5.1	4.1	24.1	24.1	24.1	20.6	8.1	7.0	7.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	1067.4%	82.0%	139.6%	126.6%	112.1%	112.1%	112.1%	95.5%	100.8%	105.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	14.9	11.7	17.9	7.9	7.6	7.6	7.6	9.1	14.2	13.9

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Namakwa District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The municipality is able to fund all projects with own or grant funds

2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 3.66 in the 2011/12 financial year. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything

below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 3.62.

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

2.3.1.5 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

2.3.2 Free Basic Services: basic social services package for indigent households

As the municipality has no direct service delivery to the people of Namakwa, there is no indigent provision. Equitable shares are used to assist local municipalities.

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2010 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate..

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and

hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2010. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Cash Management and Investment Policy

The City's Cash Management and Investment Policy was amended by Council in May 2010. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.6 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2011/12 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.4.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent.

2.4.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4.9 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 13 MBRR Table B7 - Budget cash flow statement

Description	Ref	Budget Year 2011/12					Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	F	G	H		

CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	0	16 737	661	661	17 398	16 600	16 562	
Government - operating	1	52 667	-	-	52 667	55 046	43 684	
Government - capital	1	359	-	-	359	45	40	
Interest		2 220	(320)	(320)	1 900	2 001	2 111	
Dividends		-	-	-	-	-	-	
Payments								
Suppliers and employees		(59 151)	(8 433)	(8 433)	(67 584)	(54 850)	(43 445)	
Finance charges		(120)	50	50	(70)	(74)	(78)	
Transfers and Grants	1	(25 557)	1 622	1 622	(23 935)	(17 406)	(15 162)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		(12 846)	(6 420)	(6 420)	(19 266)	1 363	3 712	
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		-	-	-	-	-	-	
Decrease (increase) in non-current debtors		-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments		-	-	-	-	-	-	
Payments								
Capital assets		(848)	(581)	(581)	(1 429)	(950)	(1 424)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(848)	(581)	(581)	(1 429)	(950)	(1 424)	
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans		-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	
Increase (decrease) in consumer deposits		-	-	-	-	-	-	
Payments								
Repayment of borrowing		-	-	-	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD		(13 694)	(7 001)	(7 001)	(20 694)	413	2 288	
Cash/cash equivalents at the year begin:	2	65 393	-	-	65 393	44 699	45 112	
Cash/cash equivalents at the year end:	2	51 699	(7 001)	(7 001)	44 699	45 112	47 399	

The above table shows that cash and cash equivalents of the municipality are positive
Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?

- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 14 B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2011/12				Budget Year +1 2012/13	Budget Year +2 2013/14
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	F	G	H		
<u>Cash and investments available</u>							
Cash/cash equivalents at the year end	1	51 699	(7 001)	(7 001)	44 699	45 112	47 399
Other current investments > 90 days		0	1	1	1	0	(0)
Non current assets - Investments	1	1	-	-	1	1	1
Cash and investments available:		51 701	(7 000)	(7 000)	44 701	45 113	47 400
<u>Applications of cash and investments</u>							
Unspent conditional transfers		-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-
Other working capital requirements	2	2 820	1 436	1 436	4 256	6 153	10 182
Other provisions		3 907	-	-	3 907	4 220	4 558
Long term investments committed Reserves to be backed by cash/investments		-	-	-	-	-	-
		461	424	424	885	885	964
Total Applications of cash and investments:		7 188	1 860	1 860	9 048	11 258	15 704
Surplus(shortfall)		44 513	(8 860)	(8 860)	35 653	33 855	31 696

From the above table it can be seen that the cash and investments available total R35 653 000 in the 2011/12 financial year and progressively decrease to R31 696 000 by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

2.5 Expenditure on grants and reconciliations of unspent funds

Table 15 DC6 Namakwa - Supporting Table SA19 Expenditure on transfers and grant programme

Balance unspent at beginning of the year		581	445	445	445	445	445	445	440	420
Current year receipts		-	-	-	55	55	55	-	-	40
Conditions met - transferred to revenue		136	-	-	55	55	55	5	20	460
Conditions still to be met - transferred to liabilities		445	445	445	445	445	445	440	420	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	9	45	-
Conditions met - transferred to revenue		-	-	-	-	-	-	9	45	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	24	-	-
Current year receipts		-	-	-	-	-	-	350	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	374	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		136	-	-	55	55	55	387	65	460
Total capital transfers and grants - CTBM	2	445	445	445	445	445	445	440	420	-
TOTAL TRANSFERS AND GRANTS REVENUE		43 770	51 209	35 358	59 255	60 047	60 047	53 054	34 680	36 360
TOTAL TRANSFERS AND GRANTS - CTBM		34 531	13 373	14 737	445	445	445	440	420	-

2.6 Councillor and employee benefits

Table 17 DC6 Namakwa – Supporting
Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12 Medium Term Revenue & Expenditure Framework			
		Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand		F	G	H	I
-	1				
Councillors (Political Office Bearers plus Other)					
Salary		2 557	2 521	2 655	2 801
Pension Contributions					
Medical Aid Contributions					
Motor vehicle allowance		826	815	858	905
Cell phone allowance		190	187	197	208
Housing allowance					
Other benefits or allowances		46	55	58	61

In-kind benefits					
Sub Total - Councillors		3 619	3 578	3 768	3 975
% increase	4	-	(1.1%)	5.3%	5.5%
Senior Managers of the Municipality	2				
Salary		760	3 707	3 903	4 118
Pension Contributions		137	516	543	573
Medical Aid Contributions		40	200	211	222
Motor vehicle allowance		258	1 086	1 144	1 206
Cell phone allowance		40	67	71	74
Housing allowance		140	215	226	239
Performance Bonus		63	-	-	-
Other benefits or allowances		24	126	133	140
In-kind benefits					
Sub Total - Senior Managers of Municipality		1 462	5 917	6 231	6 573
% increase	4	-	304.7%	5.3%	5.5%
Other Municipal Staff					
Basic Salaries and Wages		18 170	7 982	8 405	8 867
Pension Contributions		2 760	17 660	18 596	19 619
Medical Aid Contributions		2 450	2 213	2 330	2 458
Motor vehicle allowance		988	204	215	227
Cell phone allowance		12	1	1	1
Housing allowance		643	371	391	412
Overtime		311	191	201	212
Performance Bonus		1 342	-	-	-
Other benefits or allowances		694	358	377	398
In-kind benefits					
Sub Total - Other Municipal Staff		27 370	28 980	30 516	32 194
% increase	4	-	5.9%	5.3%	5.5%
Total Parent Municipality		32 451	38 475	40 514	42 742
		-	18.6%	5.3%	5.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		32 451	38 475	40 514	42 742
% increase	4	-	18.6%	5.3%	5.5%
TOTAL MANAGERS AND STAFF	5	28 832	34 897	36 747	38 768

Table 18 DC6 Namakwa - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
Councillors	4							
Speaker	5		356 407	5 164	132 680			494 251
Chief Whip			-	-	-			-
Executive Mayor			446 511	6 065	177 085			629 661
Deputy Executive Mayor			-	-	-			-
Executive Committee			-	-	-			-
Total for all other councillors			133 617	2 672	56 175			192 464
Total Councillors	9	-	936 535	13 902	365 940			1 316 377

Senior Managers of the Municipality	6							
Municipal Manager (MM)			300 000	82 516	251 280	25 000		658 796
Chief Finance Officer			460 268	118 548	187 200	38 356		804 371
Deputy City Manager - Governance								-
Deputy City Manager - Procurement & Infrastructure								-
Deputy City Manager - Health, Safety & Social Issues								-
Deputy City Manager - Corporate & Human Resources								-
<i>List of each official with packages >= senior manager</i>								
Head: Internal Audit & Performance Management			323 195	105 105	150 420	26 933		605 653
Head: Geographical Information & Policy			-	-	-			-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	9	-	1 083 463	306 169	588 900	90 289	-	2 068 820
A Heading for Each Entity List each member of board by designation	7, 8							
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	9	-	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	2 019 998	320 070	954 840	90 289	-	3 385 197

Table 19 DC6 Namakwa - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2009/10			Current Year 2010/11			Budget Year 2011/12		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)	4	14	2	12	14	2	12	14	2	12
Board Members of municipal entities	5									
Municipal employees										
Municipal Manager and Senior Managers	3	2	-	2	2	-	2	2	-	1
Other Managers	7	6	5	1	7	6	1	6	5	1
Professionals		11	9	-	12	10	-	17	15	1
<i>Finance</i>		2	2	-	2	2	-	2	2	-
<i>Spatial/town planning</i>		2	-	-	2	-	-	1	-	-
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		7	7	-	8	8	-	14	13	1
Technicians		6	4	1	6	4	1	5	4	1
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>							1		1	
<i>Roads</i>		3	2	-	3	2	-	-	-	-
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		3	2	1	3	2	1	4	3	1
Clerks (Clerical and administrative)		42	37	6	44	38	6	44	28	15
Service and sales workers		6	3	-	6	3	-	7	4	1
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		5	4	-	5	4	-	-	-	-
Plant and Machine Operators		33	24	-	33	19	-	-	-	-
Elementary Occupations		52	36	-	53	33	-	4	4	-
TOTAL PERSONNEL NUMBERS		177	124	22	182	119	22	99	62	32
% increase					2.8%	(4.0%)	-	(45.6%)	(47.9%)	45.5%
Total municipal employees headcount	6	120	112	8	120	112	8			
Finance personnel headcount	8	24	12	2	24	11	5	24	10	6
Human Resources personnel headcount	8	6	4	-	6	4	-	6	3	-

2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has not yet been established.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2010/11 MTREF in May 2011 directly aligned and informed by the 2011/12 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.8 Municipal manager's quality certificate

I, municipal manager of Namakwa District Municipality, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Namakwa District Municipality DC6)

Signature _____

Date _____