

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 Municipality, 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 area, 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 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 program 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.

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:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;

- Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labor intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade program.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimizing effective community participation in the ward committee system; and
 - 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 Municipality 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. 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. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipalities IDP, associated sectorial plans and strategies, and the allocation of resources of the Municipality and other service delivery partners. Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Involve the communities in the analysis and planning processes. More emphasis was placed on area-based interventions, within the overall holistic framework;
- 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 IDP revision process is underway and the public participation process has been concluded and needs have been identified by the community members. As soon as the IDP has been completed the compilation of the SDBIP will take place.

Overview of budget related policies

Financial policies will be tabled and with the final budget.

Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipalities finances.

General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2021/22 MTREF:

- National Government macro- economic targets;
- The general inflationary outlook and the impact on Municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

Collection rate for revenue services

Collection based on AFS is 66.43%, currently the municipality aims for 80% collection rate.

The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

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.

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 understanding ability 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 provided 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).

A8 TABLE

NC061 Richtersveld - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available											
Cash/cash equivalents at the year end	1	3 320	132	288	436	26 731	26 731	7 435	46 598	97 284	149 678
Other current investments > 90 days		-	-	0	3 029	(25 802)	(25 802)	(6 506)	(41 123)	(91 640)	(143 786)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		3 320	132	288	3 465	929	929	929	5 475	5 644	5 893
Application of cash and investments											
Unspent conditional transfers		2 301	4 045	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	9 381	10 248	(2 909)	6 072	16 980	10 411	10 765	(3 103)	(3 129)	(3 243)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		11 682	14 294	(2 909)	6 072	16 980	10 411	10 765	(3 103)	(3 129)	(3 243)
Surplus(shortfall)		(8 362)	(14 162)	3 197	(2 607)	(16 051)	(9 483)	(9 837)	8 578	8 773	9 136

The 2021/22 budget is funded with, as indicated above in the current year not considering opening balances. The municipality will enforce strong cost containment in the 2021/22 budget to ensure that the budget stays funded during the budget year. Strong cost cuts should be considered by management. The municipality will also adopt a more effective plan to increase the collection rate. This measure will ensure the future budgets will stay funded.

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 website.

2. Internship program

The Municipality is participating in the Municipal Financial Management Internship program and has employed interns undergoing training in various divisions of the Financial Services Department.

3. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2021/22 MTREF and directly aligned and informed by the 2021/22 MTREF.

4. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

5. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

Performance indicators and benchmarks

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, borrowing strategy is primarily informed by the affordability of debt repayments.

Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- 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.
- 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.
- 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 120 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

- The municipality's financial state does not allow the opportunity ensure that creditors are settled within the legislated 30 days of invoice. The liquidity ratio is of concern
- The electricity distribution losses are controlled by managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.

- Repairs and maintenance as percentage of operating revenue should be at least 8%

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, one free drain pumping and free waste removal once a week, as well as a discount on their property rates.

Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

Overview of budget related-policies

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

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. A reviewed policy will be considered by Council in due course which any suggested changes will be considered and implemented if necessary.

Budget Policies

The Budget Policies aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

Amongst others, the following has been modelled as part of the financial modelling and scenario plan process:

- Asset Management Policies
- Fraud Prevention Plan
- Infrastructure Procurement Policy

- Risk Management Implementation Plan
- Risk Management Strategy

All the above policies are available at the municipality, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Indigent Policy
- Asset Management Policy
- Banking and Investments Policy
- Supply Chain Management Policy
- Tariff Policy

Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2021/22 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.
- Interest rates for borrowing and Investment of funds

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.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2021/22 MTREF of which performance has been factored into the cash flow budget.

MONTHLY CASHFLOW TABLE

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 councilors 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 provided 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).

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below

NC061 Richtersveld - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		6 783	9 125	7 972	14 272	14 619	14 619	14 619	15 969	16 800	17 707
Service charges		20 943	20 624	17 902	23 549	23 549	23 549	23 549	23 378	25 800	27 738
Other revenue		3 153	2 666	2 259	1 999	1 999	1 999	1 999	47 034	49 338	51 756
Transfers and Subsidies - Operational	1	18 126	20 397	21 669	22 184	26 744	26 744	26 744	23 287	24 557	24 798
Transfers and Subsidies - Capital	1	35 579	7 766	5 034	17 321	17 231	17 231	17 231	24 480	23 697	23 727
Interest		442	271	169	70	70	70	70	3 034	780	823
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(55 693)	(54 634)	(44 398)	(61 957)	(58 375)	(58 375)	(58 375)	(64 924)	(65 059)	(68 829)
Finance charges		(329)	(514)	(1 036)	-	-	-	-	(1 600)	(1 563)	(1 632)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		29 003	5 600	9 613	17 439	25 837	25 837	25 837	70 757	74 350	76 088
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 720	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(28 661)	(7 266)	(9 387)	(17 321)	-	-	(19 296)	(24 480)	(23 697)	(23 727)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24 941)	(7 266)	(9 387)	(17 321)	-	-	(19 296)	(24 480)	(23 697)	(23 727)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		93	145	33	30	605	605	605	33	33	33
Payments											
Repayment of borrowing		(1 447)	(1 647)	(103)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 355)	(1 502)	(70)	30	605	605	605	33	33	33
NET INCREASE/(DECREASE) IN CASH HELD		2 708	(3 188)	155	148	26 443	25 443	7 147	46 310	50 686	52 394
Cash/cash equivalents at the year begin:	2	612	3 320	133	288	288	288	288	288	46 598	97 284
Cash/cash equivalents at the year end:	2	3 320	132	288	436	26 731	26 731	7 435	48 598	97 284	149 578

Cash/cash equivalent position

The municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. The municipality is grant dependent and is cash funded for the 2020/21 year. Management has enforced great cut in costs for the 2020/21 budget year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project.

NC061 Richtersveld - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		17 015	18 398	19 554	22 184	24 541	24 541	21 987	23 097	23 254
Local Government Equitable Share		14 115	15 473	17 077	18 384	20 699	20 699	19 237	20 447	20 604
Finance Management		1 900	1 923	2 435	2 800	2 800	2 800	2 650	2 650	2 650
EPWP Incentive		1 000	1 000		1 000	1 000	1 000			
Municipal Disaster Relief Grant				42	-	42	42			
Other transfers/grants [insert description]										
Provincial Government:		1 112	744	2 016	-	1 628	1 628	1 400	1 470	1 544
Sport and Recreation		1 112	744	1 166		1 128	1 128	1 400	1 470	1 544
Economic Development and Tourism				850		500	500			
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		943	1 169	37	-	575	575	-	-	-
SETA		-	54	37						
Alexkor		943	1 115			575	575			
Total Operating Transfers and Grants	5	19 070	20 308	21 607	22 184	26 744	26 744	23 287	24 567	24 798
Capital Transfers and Grants										
National Government:		33 335	6 252	7 554	17 321	17 231	17 231	24 480	23 697	23 727
Municipal Infrastructure Grant (MIG)		5 261	1 010	6 057	7 321	7 231	7 231	14 480	7 697	7 827
Integrated National Electrification Programme		6 887	243							
Water Services Infrastructure Grant		15 197	5 000	1 497	10 000	10 000	10 000	10 000	16 000	15 900
Municipal Disaster Grant		6 000								
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	33 335	6 252	7 554	17 321	17 231	17 231	24 480	23 697	23 727
TOTAL RECEIPTS OF TRANSFERS & GRANTS		52 405	26 561	29 161	39 505	43 975	43 975	47 767	48 264	48 525

Councillor and Senior managers benefits and Employee related Costs

Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC061 Richtersveld - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		1 741	1 653	1 653	1 749	1 852	1 852	3 247	2 589	2 546
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Mobv Vehicle Allowance		512	551	551	583	617	617	617	643	672
Cellphone Allowance		-	286	245	259	336	336	336	350	366
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		193	-	-	-	-	-	-	-	-
Sub Total - Councillors		2 446	2 489	2 448	2 592	2 806	2 806	4 200	3 583	3 583
% Increase	4		1.8%	(1.6%)	5.8%	8.3%		49.7%	(14.7%)	0.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1 902	1 403	1 532	1 622	1 373	1 373	2 373	2 472	2 581
Pension and UIF Contributions		111	72	84	89	119	119	119	124	130
Medical Aid Contributions		(85)	(112)	70	74	75	75	75	79	82
Overtime		2	-	-	-	-	-	-	-	-
Performance Bonus		36	21	-	-	54	54	54	57	59
Mobv Vehicle Allowance	3	230	237	201	213	255	255	904	942	984
Cellphone Allowance	3	47	36	14	15	39	39	39	41	43
Housing Allowances	3	445	389	57	60	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		118	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	165	-	33	35	80	80	80	83	87
Sub Total - Senior Managers of Municipality		2 968	2 046	1 992	2 109	1 996	1 996	3 645	3 798	3 965
% Increase	4		(31.1%)	(2.6%)	5.9%	(5.3%)		82.6%	4.2%	4.4%
Other Municipal Staff										
Basic Salaries and Wages		16 223	17 794	17 433	18 453	18 710	18 710	24 170	24 655	25 812
Pension and UIF Contributions		2 617	2 777	2 998	3 174	3 202	3 202	3 327	3 467	3 619
Medical Aid Contributions		518	545	529	560	460	460	477	498	519
Overtime		741	748	853	903	82	82	85	89	93
Performance Bonus		1 293	1 415	1 376	1 456	1 473	1 473	1 531	1 595	1 665
Mobv Vehicle Allowance	3	21	-	-	-	0	0	0	0	0
Cellphone Allowance	3	-	-	21	22	-	-	-	-	-
Housing Allowances	3	144	165	193	204	191	191	199	207	216
Other benefits and allowances	3	587	386	416	440	85	85	88	92	96
Payments in lieu of leave		-	210	-	103	15	15	16	16	17
Long service awards		-	132	70	62	2	2	2	2	2
Post-retirement benefit obligations	6	306	192	282	293	80	80	83	87	90
Sub Total - Other Municipal Staff		22 451	24 365	24 174	25 670	24 300	24 300	29 978	30 707	32 130
% Increase	4		8.5%	(0.8%)	6.2%	(5.3%)		23.4%	2.4%	4.6%
Total Parent Municipality		27 865	28 900	28 611	30 370	29 102	29 102	37 823	38 088	39 679

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 Mayor (within 10 working days) has progressively improved and includes monthly published financial performance of the municipality

2. Internship program

The municipality is participating in the Municipal Financial Management Internship program and has employed four interns as well as one student undergoing training in various divisions of the Financial Services Department and to obtain the minimum competency levels.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Richtersveld Municipality shares an audit committee with the District Municipality

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

6. MFMA Training

The MFMA training module in electronic format is presented at the municipality training is ongoing.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 1197 of 28 May 2008. The ratios as prescribed in the Regulations have been complied with.

NC061 Richtersveld - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	7 590	7 022	19 594	19 029	19 029	19 029	19 029	19 962	21 000	22 134
Service charges - electricity revenue	2	11 035	12 911	11 588	14 893	14 893	14 893	14 893	17 066	18 512	21 115
Service charges - water revenue	2	5 657	2 355	5 377	5 132	5 132	5 132	5 132	5 383	5 663	5 969
Service charges - sanitation revenue	2	4 271	4 198	3 450	3 497	3 497	3 497	3 497	3 666	3 859	4 067
Service charges - refuse revenue	2	3 517	3 540	2 459	2 960	2 960	2 960	2 960	3 105	3 266	3 443
Rental of facilities and equipment		580	648	635	716	716		716	56 695	59 473	62 387
Interest earned - external investments		442	271	169	70	70		70	210	221	210
Interest earned - outstanding debtors		2 184	5 496	3 726	3 152	3 615		3 615	3 792	3 989	4 205
Dividends received		-	-	-	-	-		-	-	-	-
Fines, penalties and forfeits		6	67	37	22	22		22	23	24	26
Licences and permits		7	1	4	2	2		2	2	3	3
Agency services		389	72	67	86	86		86	91	95	100
Transfers and subsidies		19 355	20 308	30 221	22 184	26 744		26 744	23 287	24 567	24 798
Other revenue	2	3 508	1 471	1 154	1 888	1 888	1 888	1 888	1 981	2 084	2 176
Gains		1 523	(6 382)	-	-	-		-	-	-	-
Total Revenue (excluding capital transfers and contributions)		60 081	51 978	78 479		78 654	47 398	78 654	135 265	142 756	150 632
Expenditure By Type											
Employee related costs	2	25 419	26 411	28 642	29 055	26 296	26 296	26 296	29 978	30 707	32 130
Remuneration of councillors		2 446	2 489	2 489	2 806	2 806		2 806	4 200	3 582	3 582
Debt Impairment	3	4 255	6 184	17 748	11 557	11 557		11 557	12 007	12 512	13 062
Depreciation & asset impairment	2	10 868	10 092	9 433	10 150	10 150	10 150	10 150	9 500	9 899	10 335
Finance charges		1 915	2 813	3 165	2 451	2 451		2 451	1 500	1 553	1 632
Bulk purchases - electricity	2	12 815	14 147	14 823	17 313	15 800	14 818	15 800	17 134	18 659	20 320
Inventory consumed	8	1 607	392	1 163	1 122	1 610		1 610	1 673	1 743	1 820
Contracted services		7 087	3 871	2 958	3 527	3 953	3 953	3 953	3 500	3 536	3 284
Transfers and subsidies		-	-	-	-	-		-	-	-	-
Other expenditure	4, 5	9 621	8 733	11 988	8 533	8 122	8 122	8 122	8 438	8 793	9 180
Losses		-	-	202	-	-		-	-	-	-
Total Expenditure		76 034	75 112	92 609		82 753	63 339	82 753	87 931	90 995	95 345
Surplus/(Deficit)		(15 953)	(23 134)	(14 130)		(4 099)	(15 941)	(4 099)	47 334	51 762	55 286
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		33 335	6 252		17 321			17 231	24 480	23 697	23 727
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6										
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		17 382	(16 882)	(14 130)		(4 099)	(15 941)	13 132	71 814	75 459	79 013
Taxation											
Surplus/(Deficit) after taxation		17 382	(16 882)	(14 130)		(4 099)	(15 941)	13 132	71 814	75 459	79 013
Atributable to minorities											
Surplus/(Deficit) attributable to municipality		17 382	(16 882)	(14 130)		(4 099)	(15 941)	13 132	71 814	75 459	79 013
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		17 382	(16 882)	(14 130)		(4 099)	(15 941)	13 132	71 814	75 459	79 013

4. FINANCE

RVS004/07/2021

4. 1 EXPLANATORY NOTES FOR FINAL BUDGET 2021/22 EMPLOYEE COST**BACKGROUND:**

Description	2021	2022	DIFFERENCE	%
SNR MANAGERS	2 830 000,00	3 645 000,00	815 000,00	28,80%

The above table clearly shows that the salary increase for senior managers will be 28% for 2021/22 financial year and this is due to the reason that the salary for the strategic manager is included for 2022 financial year. If that is taken into consideration then there is actually no increase accounted for senior managers as administration is still waiting for the new gazette on senior managers' package.

RECOMMENDATION:

That Council to note that 82.6% reflected on SA 22 is due to other items pulling through to the manager's employee related costs and to note that management therefore used the actual expenses to determine the budget for 2021/2022 Financial Year.