



**MUNISIPALITEIT
RICHTERSVELD
MUNICIPALITY**

Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

DRAFT ANNUAL BUDGET OF RICHTERSVELD MUNICIPALITY NC061

**2025/26 _ 2027/28
MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

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Abbreviations and Acronyms

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

Part 1 – Draft Annual Budget

1.1 Mayor’s Report

Honourable councillors, municipal officials, partners in government, members of the community it is my privilege to present the draft annual budget for **2025/2026_2027/2028**.

This budget is a financial forecast of income and expenditure for Richtersveld Municipality.

The municipality is currently serving an approximately **4 483** households of which includes **1 225** registered indigents for basic services.

Budget Estimates

The projected Income and Expenditure for 2025/26 is based on a true reflection of actual outcomes 2024 AFS as well as 2025 adjustment budget.

Guidelines on budget estimates (based on circular 129)

The following macro-economic forecasts must be considered when preparing the 2025/26 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2023 - 2027 Fiscal year

2023/24	2024/25	2025/26	2026/27	2027/28	Actual	Estimate	Forecast	CPI
5.9%	4.6%	4.4%	4.5%	2.5%				

The estimated electricity increased for 2025/26 is 14.2% and for two outer years based on the recent cost of supply.

Eskom Bulk Tariff increases The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2024/25, bulk electricity costs increased by 12.7 per cent, a slight decrease as compared to 15.0 per cent in the 2023/24 municipal financial year.

Given the absence of an approved tariff increase by Eskom and no approval of Eskom tariff application available yet for the 2025/26 financial year, municipalities are cautioned to not only use the National Treasury Cost Reflective Tariff Tool, but also to do the Cost of Supply Study as prescribed by NERSA.

In view of the aforementioned guidelines, the following table is a consolidated overview of the proposed 2025/26_2027/28 Medium-term Revenue and Expenditure Framework

Results BEFORE phasing			
	BAU	CTS (net of subsidies)	New rates (Dashboard selection)
Total revenue forecast (with new rates)	16 375 899	18 703 840	18 700 969
			Delta = - 2 871
Average increase in rates		14,2%	
Average increase in rates to reach overall cost-reflectivity		14,2%	
Share of total cost recovered with the new rates		100,0%	
Share of total costs recovered (existing rates)		87,6%	

PHASING INPUTS	
Increase in rates to be phased over	1 year(s)
14,2%	<< A = Compounded increase in period
14,2%	<< B = Annual increase in rates

2025/26 Draft Budget summary

Tariff increase

The majority of tariffs were increased by **6%** . Electricity tariffs were increased by **14.2%** cost of supply study. The electricity rates still to be approved by NERSA

Consolidated overview of the 2025/26 MTREF			
Items	2025/26	2026/27	2027/28
anticipated revenue	126 057 000,00	133 689 000,00	144 019 000,00
anticipated expenditure	137 527 000,00	142 910 000,00	149 082 000,00
Deficit	- 11 470 000,00	- 9 221 000,00	- 5 063 000,00
Capex(conditional grants)	16 904 000,00	8 172 000,00	8 328 000,00

Extract from Circular 123

Revenue Collection

- No operation can be sustainable if it does not collect its revenue. A municipality is no different. There is a misconception that a municipality may not interrupt or restrict the supply of water services of a defaulting consumer.
- The National Treasury confirms that neither the Water Services Act, 1997 (Act No. 108 of 1997) or any other legislation prevents a municipality from cutting the supply of water to a defaulting consumer unless the consumer is an indigent in which case the water services to that household must be restricted to the national free basic water limit of 6 kilolitre water monthly (or 50 kilowatt hours in the case of free basic electricity monthly).
- This was confirmed by the Constitutional Court in the matter of Mazibuko and Others v City of Johannesburg and Others (CCT 39/09) [2009] ZACC 28; 2010 (3) BCLR 239 (CC); 2010 (4) SA 1 (CC) (8 October 2009).
- Municipalities are urged to use the restriction/ interruption of supply of both water and electricity services as a collection tool.
- Effective from the tabling and adoption of the 2023/24 MTREF, municipalities' By-laws and policies must facilitate this and clearly stipulate the order in which any partial payment of the consolidated municipal bill (including property rates) will be applied as well as the process before the supply of water and electricity services will be cut.
- The National Treasury recommended that any partial payment firstly be applied to property rates, wastewater, waste management, water and lastly to electricity.
- When interrupting or restricting the supply of water it is important that such is undertaken together with the municipal engineer(s) to ensure a continued minimum supply of waste-water

**CLLR. CORNELL KNOPH
MAYOR**

1.2 Budget preparation process

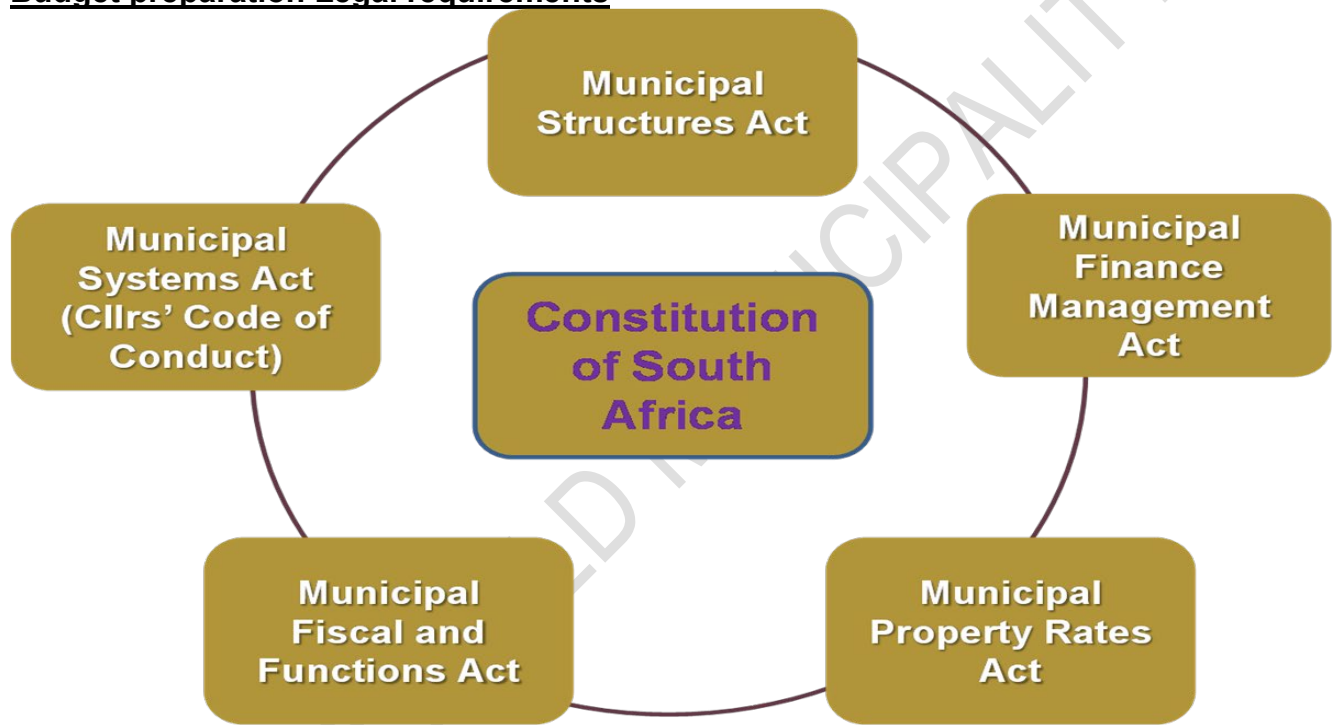
1.2.1 Budget framework and format

The budget needs to be prepared in terms of chapter 4 of the MFMA & guidelines as provided by NT.

A municipality may only incur expenditure in terms of an approved budget & within the limits of the amounts appropriated for the different votes

The council must for each financial year approve an annual budget for the municipality before the start of the financial year.

Budget preparation Legal requirements



- Defines a municipality as the structures, political office bearers and administration of the municipality; a geographic area; and the community of the municipality.
- In other words, a municipality consists of a municipal institution (political and administrative structures), and the people who live in the local area.

Municipal Finance Management Act 56 of 2003 intends:

- To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government;
- To establish treasury norms and standards for the local sphere of government; and
- To provide for matters connected therewith.

Municipal Property Rates Act 6 of 2004 intends:

- To regulate the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest.

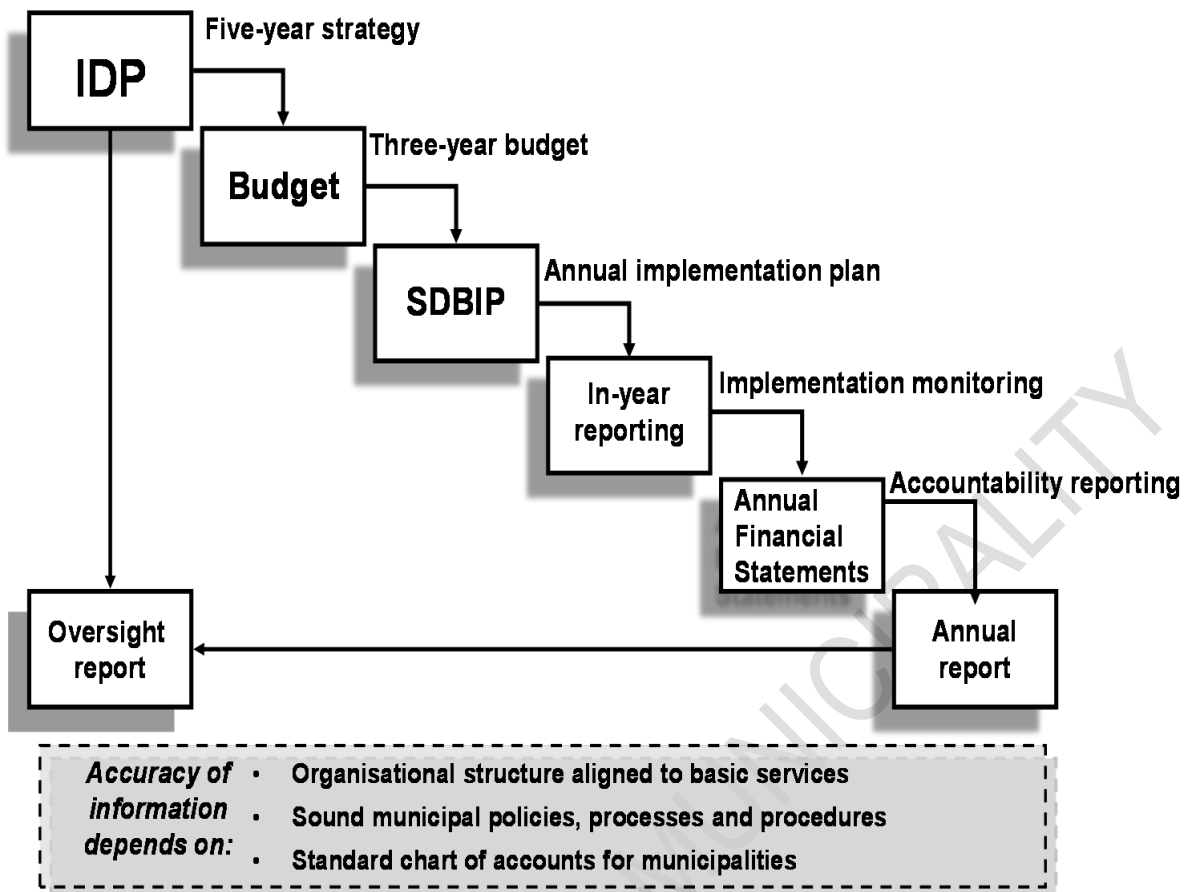
The municipality has the final new valuation roll which is ready to be implemented as from July 2025.

The Municipal Fiscal Powers and Functions Act 12 of 2007 intends

- To regulate the exercise by municipalities of their power to impose surcharges on fees for services provided under section 229 (l) (a) of the Constitution.

The Municipal Systems Act obliges municipalities to establish procedures for:

- Receiving and responding to petitions and complaints lodged by members of the community;
- Giving notice of public meetings, and allowing for public comment when appropriate;
- Holding consultative sessions with locally recognised community organisations and, where appropriate, with traditional authorities;
- Reporting back to the local community.



Budget is an estimate of income and expenditure for a set period of time.

- A budget is a plan to get resources (planned revenue), & to use those resources (planned expenditure) to meet the objectives of the municipality.

The budget must:

- prioritize communities' basic needs;
- be funded;
- be sustainable;
- realistic

The budget needs to be prepared in terms of chapter 4 of the MFMA & guidelines as provided by NT.

- A municipality may only incur expenditure in terms of an approved budget & within the limits of the amounts appropriated for the different votes

The council must for each financial year approve an annual budget for the municipality before the start of the financial year.

1.2.2 Funding of the Budget:

Sources of funding for the operating budget:

- Own revenue:
- Rates and taxes
- Service charges
- Transfers
- Equitable share
- National and provincial grants
- Borrowing (only for capital infrastructure)
- Public contributions and donations

Budget must have

- **Adequate cash coverage** Municipality should have enough cash to pay suppliers;
- **Sustainable revenue management** proper billing & collection; fair rates & taxes that cover the cost to provide services as well as fair & well-managed indigents policy (assistance to the poor);
- Include receipt of grant funding as per DoRA allocation
- **Include maintenance plan** _Renewal and maintenance of existing assets to preserve current income generating capacity

Budget process

The mayor of a municipality must:

Co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

- At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for:
 - The preparation, tabling and approval of the annual budget.
 - The annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act.
 - The budget-related policies and the tabling and adoption of any amendments to the integrated development plan and the budget-related policies.
 - any consultative processes forming part of the processes in the reviewing of the IDP and budget related policies

1.2.3 Budget publication

After an annual budget is tabled in a municipal council, the accounting officer of the municipality must:

- Make public the annual budget and the documents referred to in section 17(3).

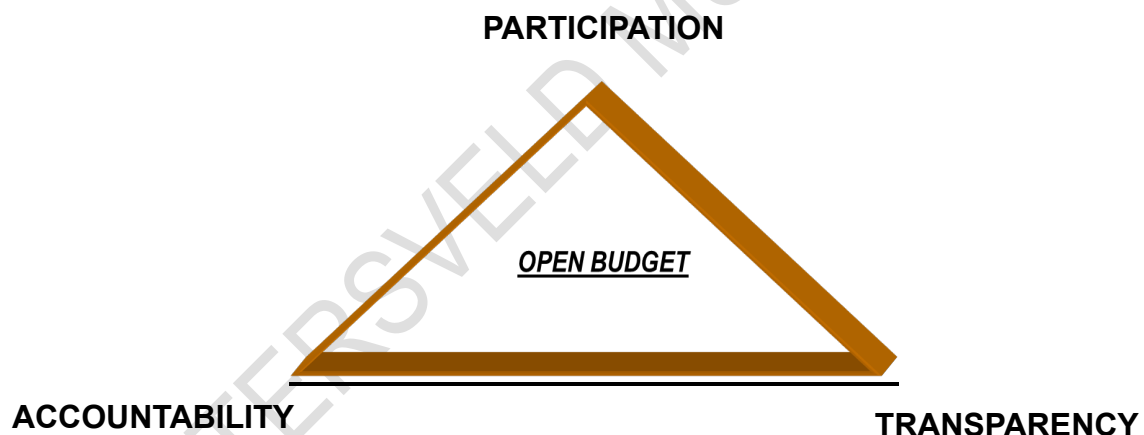
- Invite the local community to submit representations in connection with the budget;
- Submit the annual budget in both printed and electronic formats to the National Treasury and the relevant provincial treasury.
- Submit the annual budget in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.

1.2.4 Budget consultation

After tabling of the annual budget, the municipal council must consider the views of:

- The local community
- The National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- After considering all budget submissions, the council must give the **mayor an opportunity:**
 - To respond to the submissions.
 - To revise the budget and table amendments for consideration by the council

Transparent budget



1.2.5 Approval of final budget

The municipal council must at least 30 days before the start of the budget year **consider** approval of the annual budget. An annual budget must be approved:

- Before the start of the budget year.
- By the adoption by the council of a resolution referred to in section 17(3)(a)(i) of the MFMA.

The budget must be approved together with the adoption of resolutions as may be necessary:

- Resolutions to impose any municipal tax for the budget year.
- To set any municipal tariffs for the budget year.
- To approve measurable performance objectives for revenue from each source and for each vote in the budget.

- To approve any changes to the municipality's integrated development plan
- To approve any changes to the municipality's budget-related policies

1.2.6 Failure to approve the budget

If a municipal council fails to approve an annual budget, including revenue raising measures necessary to give effect to the budget, the council must reconsider the budget and again vote on the budget, or on an amended version thereof, within seven days of the council meeting that failed to approve the budget.

- The process provided above must be repeated until a budget, including revenue-raising measures necessary to give effect to the budget, is approved.
- If a municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day of the budget year, the mayor must immediately comply with section 55 by reporting immediately the non-approval of the budget to the MEC.

If the failure to approve the budget can be attributed to an unfunded budget, then the municipality must compile a credible budget funding plan and table, the funding plan together with the unfunded budget for adoption by Council.

1.2.7 Consequences of failure to approve budget

If by the start of the budget year a municipal council has not approved an annual budget or any revenue-raising measures necessary to give effect to the budget, the provincial executive of the relevant province must intervene in the municipality in terms of section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget or those revenue-raising measures are approved, including dissolving the council and:

- Appointing an administrator until a newly elected council has been declared elected.
- Approving a temporary budget or revenue-raising measures to provide for the continued functioning of the municipality.
- Until a budget for the municipality is approved funds for the requirements of the municipality may, with the approval of the MEC for finance in the province, be withdrawn from the municipality's bank account to defray current expenditure in connection with votes for which funds were approved in the approved budget for the previous year.

The funds approved by the MEC may not during any month, exceed eight per cent of the total amount appropriated in that approved budget for current expenditure

1.3 Council Resolutions

On 31 March 2024, Council of Richtersveld Local Municipality met in to consider the Draft Annual Budget of the municipality for the financial year **2025/26**. Council approved and adopted the following resolutions:

1. The Council of Richtersveld Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The Draft Annual budget of the municipality for the financial year **2025/26** 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).
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote).
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type).
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
2. The Council of Richtersveld Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2024:
 - 2.1. the tariffs for property rates
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for the supply of water
 - 2.4. the tariffs for sanitation services
 - 2.5. the tariffs for solid waste services
 - 2.6. sundry income
3. The Council of Richtersveld Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2025 the tariffs for other services.
4. That the cash backing is implemented to ensure that all unspent grants, capital reserves and provisions are cash backed as required in terms of municipal funding and reserves policy as prescribed by section 8 of Municipal Budget and Reporting Regulation.

1.4 Executive Summary

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

The Municipalities' business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds should be transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality should implement a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality should undertake various customer care initiatives to ensure the municipality involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 72, 74, 75, 78,79 ,85,86, 108_115_123,124,126,128,129 were used to guide the compilation of the **2024/25** MTREF.

The main challenges experienced during the compilation of the **2025/26** MTREF can be summarised as follows:

- Load shedding, it has direct impact on service delivery
- The continuing difficulties in the national and local economy;
- Ageing of infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will come a point where services will no longer be affordable to the community;
- Wage increases for municipal staff that continues to exceed consumer inflation.
- Affordability of capital projects- expenditure associated with prior year's capital investments needed to be factored into the budget as part of the **2025/26** MTREF process; and
- The municipality is grant dependant as the income from consumers will not be able to fund operations
- The vastness of the municipal jurisdiction also attributes to the increase in direct and indirect cost to provide services to remote communities.

The following budget principles and guidelines directly informed the compilation of the **2025/26** MTREF:

- The 2024/25 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2025/26 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- 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;
- An upper limit of expenditure was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritize expenditures:

Overview of the Proposed 2025/26 medium term revenue and expenditure framework

1.4.1 Service Charges

The majority of tariffs were increased by **6 %** . Electricity tariffs were increased by **14.2 %** as per cost of supply study. The electricity rates still to be approved by NERSA.

Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2024/25, bulk electricity costs increased by 12.7 per cent, a slight decrease as compared to 15.0 per cent in the 2023/24 municipal financial year.

Given the absence of an approved tariff increase by Eskom and no approval of Eskom tariff application available yet for the 2025/26 financial year, municipalities are cautioned to not only use the National Treasury Cost Reflective Tariff Tool, but also to do the Cost of Supply Study as prescribed by NERSA.

Free Basic Services

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipalities Indigent Policy.

This process is reviewed annually. The cost of the social package of the registered indigent households is fully financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

Registered households with an income not exceeding **R 7 500.00** per household (total income per household) qualifies for this subsidy. The subsidy consists of 6 kiloliter of free water, 50 kwh electricity, free refuse removal (4 times a month, once a week) and free sanitation (once off) per month.

1.4.2 .1Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

The tariff increases are as follows:

- Property Rates 6%
- Electricity 14.2% cost of supply (NERSA to approve)
- Water 6%

- Waste Water 6%
- Refuse Removal 6%

1.4.2 .2 Tariff Setting the impact of load shedding

Loadshedding not only affects the electricity service but also some municipalities' ability to pump water, thereby negatively impacting the stability of water supplies and the related functioning of the wastewater reticulation network. Loadshedding crisis has been declared a state of disaster and will require tough budgeting choices for municipalities to make sure that basic municipal services are sustained.

The regulations published in the Government Gazette No. 48152 on 27 February 2023 in terms of the Disaster Management Act, 2002 (Act 57 of 2002) require municipalities to "ensure continuous operation of water infrastructure and other specified essential infrastructure, including by installing alternative energy sources or other measures to provide an uninterrupted power supply." Municipalities are also required to "mobilise available resources" and "provide funds for this purpose, subject to affordability."

As an immediate interim solution back-up electricity to pump water should be prioritised while being mindful of its affordability within the municipality's available funding sources and other critical priorities. The municipality need to adequately plan and prioritise funding in its 2023/24 MTREF for this purpose, including:

Cost reflective tariffs

National treasury is involved in the process of determining cost reflective tariff ,the first phase of this process was completed during 2023/2024 draft and final budget and council was informed of the outcomes.

Reference is made to MFMA Circular No. 98, paragraph 4.2. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that **municipalities set tariffs that enable them to recover the full cost of rendering the service.**

This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (Financial and Fiscal Commission (FFC), 2011). **Credible budgets are critical for local government to fulfil its mandate and ensure financial sustainability.**

With effect, from the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services) as part of both the tabled and adopted MTREF submissions must submit the completed National Treasury tariff tool (in excel format) illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over 3 to 5 years. The municipality's strategy in this regard should be included as part of the budget narratives.

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.


National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done and implemented and the Property Rates Policy of the Municipality meet the prescribed regulation.

The following stipulations in the Property Rates Policy are highlighted:

- The first R25 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).

The municipality received the final valuation roll and it is ready to be implemented as from July 2025.

proposed rates to be levied for the 2025/26 financial year

 MUNICIPALITEIT RICHTERSVELD MUNICIPALITY	Property Rates / Eienaarsbelasting	
	Tariff Excluding VAT	Total
Residential Property / Residensiële Eiendomme	0,014363	0,015225
Farm / Plase	0,002214	0,00234684
Guesthouse / Gastehuis	0,016711	0,01771366
Industry-Business / Nywerheid-Besigheid	0,019063	0,02020678
Private Schools/Privaat Skole	0,019063	0,02020678
Government Property (Residential) / Staatseiendom (Residensiel)	0,014363	0,01522478
Government Property (Commercial) / Staatseiendom (Kommersiel)	0,019063	0,02020678
Undeveloped Property - Residential and Business (Building Clause) depending from the value amount in the contract / Onontwikkelde Eiendom - Residensieel en Besighede (Bouklousule) afhangend van die waarde bedrag in die kontrak	0,0480339	0,05091593
Mining ground (Farms which is mined) / Myngronde (Plase waarop gemyn word)	0,043089	0,04567434
Discount for Pensioners / Korting vir Pensioenarisse : To a salary per annum/ Tot n inkomste van:	64 302,96	78 385,30
% discount / % korting:	33,33%	
Aged above 60 male and female / Ouderdom bo 60 manlik en vroulik		
No property rates will be charged for churches, only if the church has a parsonage Geen eienaardbelasting word gehef vir kerke nie, slegs in die geval van 'n pastorie.		

Sale of Electricity and Impact of Tariff Increases


Minimun per household	2024/25	2025/26
house sinlge phase	240,28	274,40
houses 3 phase	271,01	309,49
business	478,38	546,30
Big business(first 10000 KHU	226,78	258,98
indigient households	240,28	274,40
HUISE CONVENTIONAL SINGLE PHASE	2024/25	2025/26
0-350 c /khw	2,1550	2,4610
>350 c/khw	2,8676	3,2748
HUISE CONVENTIONAL 3 PHASE	2024/25	2025/26
0-350 c /khw	1,6403	1,8732
>350 c/khw	3,1931	3,6465
INDIGIENTS	2024/25	2025/26
0-350 c /khw	0,2257	0,2577
>350 c/khw	0,3046	0,3478
BUSINESS	2024/25	2025/26
0-350 c /khw	0,2884	0,3293
>350 c/khw	0,3272	0,3737
Big business(first 10000 KHU	0,1918	0,2191
>10000 KHU	0,1918	0,2191
PREPAID	2024/25	2025/26
0-350 c /khw	0,3809	0,4350
>350 c/khw	0,3939	0,4498
RESIDENTIAL	2024/25	2025/26
0-350 c /khw	0,2284	0,2608
>350 c/khw	0,3444	0,3933
INDIGIENTS	2024/25	2025/26
0-350 c /khw	0,2205	0,2518
>350 c/khw	0,3444	0,3933
GUESTHOUSE	2024/25	2025/26
minimum base	2024/25	2025/26
0-350 c /khw(eenhede per Kwh	0,2202	0,2515
>350 c/khw	0,3272	0,3737
Eenhede Kits krag	2024/25	2025/26
0-350 c /khw	0,3809	0,4350
>350 c/khw	0,3939	0,4498
AVAILABILITY	2024/25	2025/26
Household	173,14	197,72
business	519,68	593,48

Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand outgrows the supply. Richtersveld Municipality should carefully review the level and structure of their water tariffs to ensure:

Provision of water to the community has become a very huge challenge due to load shedding. The municipality has been forced to make use of communal water points therefore transporting this service to the community brings in effect higher distribution losses because the water that is distributed is not accounted for.


A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Water		2025/2026	
		Tariff Excluding VAT	Total
 MUNISIPALITEIT RICTERSVELD MUNICIPALITY			
Availability / Besikbaarheid		76,73	93,53
Loads / Vragte (per 200 liter)		18,25	22,25
Water connection (advance payment) Aansluitings (vooruitbetaalbaar)			
(1) 15 mm per connection/aansluiting		Werklike Koste	
(2) 20 mm per connection/aansluiting		Werklike Koste	
Miscellaneous / Diverse			
(1) Reconnection / Heraansluiting per connection/aansluiting		254,63	310,39
(2) Testing of meters / Toets van meters (per test / per toets)		112,43	137,06
Consumers / Verbruikers			
Domestic / Huishouding			
	0-6 kilolitres	14,17	17,28
	7-20 kilolitres	15,16	18,48
	21 + kilolitres	16,19	19,74
Business and Guesthouses / Besighede en Gastehuse			
	0-2 kilolitres	17,25	21,03
	3 + kilolitres	18,25	22,25
Industry / Nywerheid (R 0.02c > as Business/Besighede)			
	0-2 kilolitres	17,52	21,36
	3 + kilolitres	18,50	22,56
NB - Six (6) kilolitres free water per month only for registered Indigents NB - Ses (6) kiloliters gratis water per maand sal slegs aan hulpbehoewendes toegeken word.			
<u>BOETES</u>			
Peuter aan meter (water en elektrisiteit)		4 608,70	5 618,00



Sewerage / Riolering

	2025/2026		
	Tariff Excluding VA	Total	
Availability / Besikbaarheid	98,36	119,90	<i>p/m</i>
Suction Tank / Suigtenkverwydering	174,70	212,95	<i>p/m</i>
Sewage Disposal / Riolering	108,46	132,21	
Excess Disposals / Oormaatverwydering			
Working hours / Werksure	179,62	218,95	
After hours and holidays / Na-ure en vakar	359,25	437,93	
Sewer connection fee (advance payment) Rioolaansluitings fooi (vooruitbetaalbaar)	3 233,88	3 942,10	
Blockage services / Verstoppingsdienste	438,90	535,01	
Sewage / Riool - Muisvlak	842,89	1 027,48	
Tent Rent and other / en ander (per load or half a load) (per vrag of gedeelte van n vrag)	1 350,08	1 645,75	
Gueshouses / Business / Industry Gastehuse / Besighede / Nywerheid	226,19	275,73	

Cleaning Service / Reinigings Dienste		
 MUNICIPALITEIT RICHTERSVELD MUNICIPALITY		2025/2026
		Tariff Excluding VA Total
Availability / Besikbaarheid	89,43	109,02
Sales : Waste Disposal - Domestic Verkope : Vullisverwydering - Huishoudelik	95,97	116,99
Sales : Waste Disposal - Business/Industry (small) Verkope : Vullisverwydering - Besighede/Nywerheid (kleinmaat)	360,05	438,90
Sales : Waste Disposal - Business/Industry (Bulk) Verkope : Vullisverwydering - Besighede/Nywerheid (grootmaat) (eg. / bv: Spar, Usave, Scotia Inn)	720,08	877,78
Extra Waste disposal / Ekstra Vullisverwydering (Bakkie)	532,99	649,72
Extra Waste disposal / Ekstra Vullisverwydering (Vragmotor)	989,91	1 206,70
Waste Disposal / Vullisverwydering - Muisvlak	842,74	1 027,30
Perishable food and other abnormal / Bederfbare voedsel en ander	532,22	648,77
One off functions (per removal) eg at Sportsfield Eenmallige funksies (per verwydering) bv. Op Sportsgronde	562,30	685,44
Guesthouses / Gastehuse		
Sales : Waste Disposal Verkope : Vullisverwydering	183,14	223,25

1.4.3 Key Budgeted Expenditure Items MTREF 2024/25-2026/27

Some of the budgeted amounts have been based on realistic and inflation-based increases. The Municipality strives to adhere to realistic anticipated revenue. The municipality also made use of National Treasury Guidelines i.r.o. inflation and economic trends to compile 2024/25 MTREF.

Consolidated overview of the 2025/26 MTREF			
Items	2025/26	2026/27	2027/28
anticipated revenue	126 057 000,00	133 689 000,00	144 019 000,00
anticipated expenditure	137 527 000,00	142 910 000,00	149 082 000,00
Deficit	- 11 470 000,00	- 9 221 000,00	- 5 063 000,00
Capex(conditional grants)	16 904 000,00	8 172 000,00	8 328 000,00

The following grants allocations are gazette for the Richtersveld Municipality

DESCRIPTION	2025/26	2026/27	2027/28
Equitable Share	27 494 000,00	28 349 000,00	29 618 000,00
Financial Management	2 600 000,00	2 600 000,00	2 700 000,00
MIG	7 904 000,00	8 172 000,00	8 328 000,00
	9 000 000,00		
Electrification Grant	-	1 192 000,00	1 246 000,00
Library	1 400 000,00	1 470 000,00	1 544 000,00
EPWP	1 347 000,00	-	-
WSIG	-	-	19 102 000,00
TOTAL	49 745 000,00	41 783 000,00	62 538 000,00

Personnel Costs

	2025/26	2026/27	2027/28
Personeel	48 684 000,00	50 390 000,00	52 784 000,00
Council	4 860 000,00	5 115 000,00	5 358 000,00
Total employee related cost	53 544 000,00	55 505 000,00	58 142 000,00
total expenditure	137 527 000,00	142 910 000,00	149 082 000,00
Including non cash	39%	39%	39%

- Salaries amount to 39% of total operating expenditure, treasury norm is 40%.

The above expenditure includes the following vacant post

Mayor and Council	305 933,04
Finance	712 843,37
Customer care	418 395,72
Roads	1 258 413,17
Worshop	497 183,94
Law enforcement	662 500,00
administration	193 030,01
	4 048 299,24

Employee related Costs as per circular 129 guidelines

The salary and wage collective agreement were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024 and municipalities are expected to implement the agreement with immediate effect as from 1 July 2024.

In respect of the 2025/26 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2025, an increase based on the average CPI percentage for the period 1 February 2024 until 31 January 2025, plus 0.75 per cent. The publications of Statistics South Africa shall be used to determine the average CPI.

In case the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than 4 per cent, it will be deemed to be 4 per cent, and if the average CPI percentage for this period is higher than 7 per cent, it will be deemed to be 7 per cent.

EXEMPTION

- Municipalities that wish to be exempted from the collective agreement for this financial year, should apply 30-days from the date of approval of the budget of the municipality by the municipal council, or 30 June 2025.
- The onus to prove the case for the granting of exemption lies with the applicant municipality, and guidance is provided by SALGA.

If the municipality has missed the deadline to apply for exemption, and still wishes to do so, then the municipality will have to apply for condonation for the late referral and must show good cause of the referral as the panellist has the power to condone any failure to meet timelines.

The panellist has the powers to grant full or partial exemption, and a municipality can apply to be exempted from any provision in the agreement.

In addition, the municipality must ensure that it enlists responses to all the indicators in terms of Sections 138 and 140 of the Municipal Finance Management Act. All the above are intended to ensure that municipalities find it easier to file appropriate exemption applications backed by relevant financial information.

Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider the guidance provided above on salary increases for municipal officials during this process. Any overpayment to councillors' contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.

1.4.5 Capital Expenditure

	2025/26
Replacement of asbestos pipes	7 904 000,00
Sports	9 000 000,00
TOTAL MIG	16 904 000,00

The total Capital budgeted expenditure amounts to **R16 904,000.00** funded through grant funding .There is additional capital expenditure that arises from renewal of existing assets,

capital budgeted expenditure for renewal of existing assests.

Roads	540 000,00
electricity	1 000 000,00
water	1 680 000,00
waste water	800 000,00
sport	650 000,00
	4 670 000,00

1.5 Operating Revenue Framework

For Richtersveld 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;
- Efficient revenue management, which aims to ensure a **80 per cent** annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2025/26 MTREF (classified by main revenue source):

Budget Summary

Summary of revenue and expenditure by standard classification

Capital transfers and contributions are excluded from the operating statements, in order to see the surplus/ deficit.

Consolidated overview of the 2025/26 MTREF			
Items	2025/26	2026/27	2027/28
anticipated revenue	126 057 000,00	133 689 000,00	144 019 000,00
anticipated expenditure	137 527 000,00	142 910 000,00	149 082 000,00
Deficit	- 11 470 000,00	- 9 221 000,00	- 5 063 000,00
Capex(conditional grants)	16 904 000,00	8 172 000,00	8 328 000,00

The only plans in place to enhance revenue and collection rate is through electricity prepaid meters as well as and sending demand /notices to consumers whose accounts are in arrears for long periods, disconnection of electricity services is implemented if the letter is ignored or if payment arrangement is not adhered to.

1.6 Operating Expenditure Framework

The Municipalities expenditure framework for the 2025/26 budget and MTREF is informed by the following:

- The asset lease strategy and the repairs and maintenance ;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) ;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned renewal strategy and the 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 plan no budget*. If there is no business plan no funding allocation can be made.

TABLE A2 BUDGETED FINANCIAL PERFORMANCE BY FUNCTION

NC061 Richtersveld - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue - Functional										
Governance and administration		-	-	-	77 427	60 884	60 884	78 650	71 230	74 667
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	77 427	60 884	60 884	78 650	71 230	74 667
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	5 296	7 801	7 801	-	-	-
Community and social services		-	-	-	2 304	1 334	1 334	-	-	-
Sport and recreation		-	-	-	1 334	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	342	342	-	-	-
Health		-	-	-	1 657	6 124	6 124	-	-	-
Economic and environmental services		-	-	-	7 885	7 793	7 793	-	-	-
Planning and development		-	-	-	105	29	29	-	-	-
Road transport		-	-	-	7 780	7 764	7 764	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	68 897	55 729	55 729	64 312	70 632	77 680
Energy sources		-	-	-	42 896	26 691	26 691	30 015	34 277	39 144
Water management		-	-	-	16 750	17 484	17 484	13 451	14 258	15 114
Waste water management		-	-	-	5 139	9 408	9 408	12 078	12 802	13 570
Waste management		-	-	-	4 112	2 148	2 148	8 768	9 294	9 852
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	159 506	132 206	132 206	142 961	141 861	152 347
Expenditure - Functional										
Governance and administration		-	-	-	49 468	55 400	55 400	72 733	75 808	79 047
Executive and council		-	-	-	11 288	11 738	11 738	9 721	10 223	10 701
Finance and administration		-	-	-	36 740	42 686	42 686	63 012	65 585	68 347
Internal audit		-	-	-	1 440	976	976	-	-	-
Community and public safety		-	-	-	5 796	6 832	6 832	14 149	14 884	15 583
Community and social services		-	-	-	2 280	3 242	3 242	3 950	4 153	4 346
Sport and recreation		-	-	-	2 808	1 776	1 776	3 397	3 572	3 738
Public safety		-	-	-	273	111	111	6 801	7 158	7 499
Housing		-	-	-	436	1 703	1 703	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	14 623	15 918	15 918	9 288	8 920	9 338
Planning and development		-	-	-	25	2 280	2 280	7 012	6 530	6 839
Road transport		-	-	-	14 598	13 638	13 638	2 276	2 391	2 499
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	58 353	50 912	50 912	41 357	43 298	45 114
Energy sources		-	-	-	34 351	32 020	32 020	29 325	30 655	31 891
Water management		-	-	-	9 496	6 006	6 006	4 351	4 566	4 769
Waste water management		-	-	-	6 050	4 904	4 904	6 066	6 375	6 667
Waste management		-	-	-	8 457	7 982	7 982	1 615	1 702	1 787
Other	4	-	-	-	311	864	864	-	-	-
Total Expenditure - Functional	3	-	-	-	128 552	129 925	129 925	137 527	142 910	149 082
Surplus/(Deficit) for the year		-	-	-	30 954	2 281	2 281	5 434	(1 049)	3 265

TABLE A3 BUDGETED FINANCIAL PERFORMANCE BY VOTE

NC061 Richtersveld - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 1 - EXECUTIVE COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - ADMINISTRATION: CORPORATE		-	-	-	1 657	6 124	6 124	-	-	-
Vote 3 - ADMIN: COMMUNITY		-	-	-	2 985	4 487	4 487	-	-	-
Vote 4 - ADMINISTRATION: SPORT RECRTN		-	-	-	2 018	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	91 714	58 072	58 072	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	61 130	63 522	63 522	-	-	-
Vote 7 - Political Office		-	-	-	-	-	-	-	-	-
Vote 8 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 9 - Budget and Treasury		-	-	-	-	-	-	78 650	71 230	74 667
Vote 10 - Infrastructure Department		-	-	-	-	-	-	43 466	48 535	54 258
Vote 11 - Community Services		-	-	-	-	-	-	20 846	22 097	23 422
Vote 12 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 13 - Municipal Support & Compliance		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	159 506	132 206	132 206	142 961	141 861	152 347
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE COUNCIL		-	-	-	12 728	12 714	12 714	-	-	-
Vote 2 - ADMINISTRATION: CORPORATE		-	-	-	1 512	6 396	6 396	-	-	-
Vote 3 - ADMIN: COMMUNITY		-	-	-	7 879	9 890	9 890	-	-	-
Vote 4 - ADMINISTRATION: SPORT RECRTN		-	-	-	2 808	1 776	1 776	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	30 674	32 334	32 334	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	72 951	66 816	66 816	-	-	-
Vote 7 - Political Office		-	-	-	-	-	-	7 703	8 100	8 476
Vote 8 - Municipal Manager		-	-	-	-	-	-	4 388	4 618	4 836
Vote 9 - Budget and Treasury		-	-	-	-	-	-	54 828	57 133	59 497
Vote 10 - Infrastructure Department		-	-	-	-	-	-	40 988	42 027	43 780
Vote 11 - Community Services		-	-	-	-	-	-	21 824	22 954	24 030
Vote 12 - Corporate Services		-	-	-	-	-	-	4 736	4 859	5 089
Vote 13 - Municipal Support & Compliance		-	-	-	-	-	-	3 061	3 221	3 374
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	128 552	129 925	129 925	137 527	142 910	149 082
Surplus/(Deficit) for the year	2	-	-	-	30 954	2 281	2 281	5 434	(1 049)	3 265

TABLE A4 BUDGETED FIANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)

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

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	26 825	25 870	25 870	27 386	29 544	33 739	38 530
Service charges - Water	2	-	-	-	8 811	7 641	7 641	8 854	8 318	8 817	9 346
Service charges - Waste Water Management	2	-	-	-	3 306	4 616	4 616	6 225	4 893	5 187	5 498
Service charges - Waste Management	2	-	-	-	6 094	5 364	5 364	6 124	5 686	6 027	6 389
Sale of Goods and Rendering of Services		-	-	-	1 386	114	114	114	121	129	136
Agency services		-	-	-	180	429	429	429	455	482	511
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	7 962	6 550	6 550	6 550	6 977	7 434	7 925
Interest earned from Current and Non Current Assets		-	-	-	869	890	890	890	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	141	440	440	440	467	495	524
Rental from Fixed Assets		-	-	-	810	2 440	2 440	2 440	2 586	2 742	2 906
Licence and permits		-	-	-	32	32	32	32	34	36	38
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	90	838	838	838	888	941	998
Non-Exchange Revenue											
Property rates	2	-	-	-	28 604	21 450	21 450	21 450	23 553	24 966	26 464
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	10	15	15	15	11	12	13
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		-	-	-	31 757	31 757	31 757	31 757	32 841	32 419	33 862
Interest		-	-	-	3 776	562	562	562	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	10 316	10 316	10 316	10 316	9 552	10 126	10 733
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	15 776	123	123	123	131	139	147
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	146 747	119 447	119 447	124 546	126 057	133 689	144 019
Expenditure											
Employee related costs	2	-	-	-	40 794	43 375	43 375	43 375	48 684	50 390	52 784
Remuneration of councillors		-	-	-	4 636	4 636	4 636	4 636	4 860	5 115	5 358
Bulk purchases - electricity	2	-	-	-	25 176	25 176	25 176	25 176	26 284	27 467	28 565
Inventory consumed	8	-	-	-	1 410	1 300	1 300	1 300	1 570	1 643	1 712
Debt impairment	3	-	-	-	3 143	3 143	3 143	3 143	3 281	3 429	3 566
Depreciation and amortisation		-	-	-	12 207	12 207	12 207	12 207	12 744	13 317	13 850
Interest		-	-	-	10 535	10 035	10 035	10 035	10 477	10 948	11 386
Contracted services		-	-	-	13 096	11 233	11 233	11 233	10 717	11 339	11 815
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	1 721	1 913	1 913	1 913	2 077	2 171	2 257
Operational costs		-	-	-	15 545	16 374	16 374	16 374	16 533	16 777	17 462
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	289	289	289	289	301	315	328
Total Expenditure		-	-	-	128 552	129 680	129 680	129 680	137 527	142 910	149 082
Surplus/(Deficit)		-	-	-	18 195	(10 233)	(10 233)	(5 135)	(11 470)	(9 221)	(5 063)
Transfers and subsidies - capital (monetary allocations)	6	-	-	-	12 759	12 759	12 759	12 759	16 904	8 172	8 328
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	-	30 954	2 526	2 526	7 624	5 434	(1 049)	3 265
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		-	-	-	30 954	2 526	2 526	7 624	5 434	(1 049)	3 265
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	-	-	30 954	2 526	2 526	7 624	5 434	(1 049)	3 265
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	-	-	-	30 954	2 526	2 526	7 624	5 434	(1 049)	3 265

TABLE A5 BUDGETED CAPITAL

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - ADMINISTRATION: CORPORATE		-	-	-	-	-	-	-	-	-	-
Vote 3 - ADMIN: COMMUNITY		-	-	-	580	550	550	550	-	-	-
Vote 4 - ADMINISTRATION: SPORT RECRTN		-	-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	725	340	340	340	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	12 759	12 759	12 759	12 759	-	-	-
Vote 7 - Political Office		-	-	-	-	-	-	-	-	-	-
Vote 8 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 9 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 10 - Infrastructure Department		-	-	-	-	-	-	-	11 777	3 822	3 895
Vote 11 - Community Services		-	-	-	-	-	-	-	9 797	4 350	4 433
Vote 12 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 13 - Municipal Support & Compliance		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	14 064	13 649	13 649	13 649	21 574	8 172	8 328
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - ADMINISTRATION: CORPORATE		-	-	-	-	-	-	-	-	-	-
Vote 3 - ADMIN: COMMUNITY		-	-	-	-	-	-	-	-	-	-
Vote 4 - ADMINISTRATION: SPORT RECRTN		-	-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-	-
Vote 7 - Political Office		-	-	-	-	-	-	-	-	-	-
Vote 8 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 9 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 10 - Infrastructure Department		-	-	-	-	-	-	-	-	-	-
Vote 11 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 12 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 13 - Municipal Support & Compliance		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	14 064	13 649	13 649	13 649	21 574	8 172	8 328
Capital Expenditure - Functional											
Governance and administration					725	340	340	340	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	725	340	340	340	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety					580	550	550	550	8 997	4 350	4 433
Community and social services		-	-	-	580	550	550	550	-	-	-
Sport and recreation		-	-	-	-	-	-	-	8 997	4 350	4 433
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services					-	-	-	-	1 190	-	-
Planning and development		-	-	-	-	-	-	-	540	-	-
Road transport		-	-	-	-	-	-	-	650	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services					12 759	12 759	12 759	12 759	11 387	3 822	3 895
Energy sources		-	-	-	-	-	-	-	1 000	-	-
Water management		-	-	-	5 000	5 000	5 000	5 000	9 587	3 822	3 895
Waste water management		-	-	-	7 759	7 759	7 759	7 759	800	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other					-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	14 064	13 649	13 649	13 649	21 574	8 172	8 328
Funded by:											
National Government		-	-	-	12 759	12 759	12 759	12 759	16 904	8 172	8 328
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	12 759	12 759	12 759	12 759	16 904	8 172	8 328
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds					1 305	890	890	890	4 670	-	-
Total Capital Funding	7	-	-	-	14 064	13 649	13 649	13 649	21 574	8 172	8 328

NC061 Richtersveld - Table A6 Budgeted Financial Position

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		-	-	-	13 270	(9 021)	(9 021)	(9 021)	(15 246)	(9 431)	(6 308)
Trade and other receivables from exchange transactions	1	-	-	-	35 772	46 576	46 576	46 576	38 139	(2 217)	(2 305)
Receivables from non-exchange transactions	1	-	-	-	26 485	(38 280)	(38 280)	(38 280)	(40 727)	(183)	(190)
Current portion of non-current receivables		-	-	-	508	(933)	(933)	(933)	(933)	-	-
Inventory	2	-	-	-	147	23	23	23	23	-	-
VAT		-	-	-	21 197	0	0	0	-	0	(0)
Other current assets		-	-	-	-	5	5	5	-	-	-
Total current assets		-	-	-	97 379	(1 631)	(1 631)	(1 631)	(18 744)	(11 831)	(8 804)
Non current assets											
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	19 081	7 309	7 309	7 309	7 309	-	-
Property, plant and equipment	3	-	-	-	193 620	205 479	205 479	205 479	210 450	(4 553)	(4 906)
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-
Intangible assets		-	-	-	146	(265)	(265)	(265)	(277)	(289)	(301)
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		-	-	-	212 846	212 523	212 523	212 523	217 483	(4 843)	(5 207)
TOTAL ASSETS		-	-	-	310 225	210 893	210 893	210 893	198 739	(16 673)	(14 012)
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	1 732	1 769	1 769	1 769	1 769	-	-
Trade and other payables from exchange transactions	4	-	-	-	57 961	85 554	85 554	85 554	85 310	-	-
Trade and other payables from non-exchange transactions	5	-	-	-	16 589	57	57	57	57	-	-
Provision		-	-	-	3 474	4 389	4 389	4 389	4 389	-	-
VAT		-	-	-	19 664	(1 818)	(1 818)	(1 818)	(1 890)	(2 042)	(2 206)
Other current liabilities		-	-	-	-	-	-	-	-	-	-
Total current liabilities		-	-	-	99 421	89 952	89 952	89 952	89 635	(2 042)	(2 206)
Non current liabilities											
Financial liabilities	6	-	-	-	595	4 277	4 277	4 277	4 277	-	-
Provision	7	-	-	-	38 971	52 884	52 884	52 884	52 884	-	-
Long term portion of trade payables		-	-	-	18 000	-	-	-	-	-	-
Other non-current liabilities		-	-	-	2 215	2 249	2 249	2 249	2 249	-	-
Total non current liabilities		-	-	-	59 780	59 410	59 410	59 410	59 410	-	-
TOTAL LIABILITIES		-	-	-	159 201	149 361	149 361	149 361	149 045	(2 042)	(2 206)
NET ASSETS		-	-	-	151 024	61 531	61 531	61 531	49 695	(14 632)	(11 805)
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	-	-	-	123 408	58 681	58 681	58 681	58 681	-	-
Reserves and funds	9	-	-	-	569	569	569	569	569	-	-
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	-	-	-	123 977	59 250	59 250	59 250	59 250	-	-

TABLE A7 BUDGTETED CASHFLOW STATEMENT

NC061 Richtersveld - Table A7 Budgeted Cash Flows

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	22 883	17 160	17 160	17 160	18 522	19 633	20 811
Service charges		-	-	-	36 029	54 203	54 203	54 203	59 041	64 788	71 194
Other revenue		-	-	-	9 053	16 372	16 372	16 372	4 773	5 059	5 363
Transfers and Subsidies - Operational	1	-	-	-	31 757	32 057	32 057	32 057	32 841	32 419	33 862
Transfers and Subsidies - Capital	1	-	-	-	12 759	12 759	12 759	12 759	16 904	8 172	8 328
Interest		-	-	-	-	869	869	869	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	-	(66 147)	(89 471)	(89 471)	(89 471)	(123 435)	(128 539)	(134 646)
Interest		-	-	-	(10 535)	(10 035)	(10 035)	(10 035)	(10 477)	(10 948)	(11 386)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	35 799	33 914	33 914	33 914	(1 831)	(9 416)	(6 475)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	-	-	-	-	(24 810)	(9 398)	(9 577)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(24 810)	(9 398)	(9 577)
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		-	-	-	35 799	33 914	33 914	33 914	(26 641)	(18 814)	(16 052)
Cash/cash equivalents at the year begin:	2	-	-	-	17 965	306	306	306	306	(26 335)	(45 149)
Cash/cash equivalents at the year end:	2	-	-	-	53 764	34 220	34 220	34 220	(26 335)	(45 149)	(61 201)

TABLE A8 CASH BACKED RESERVES/ ACCUMULATED SURPLUS RECONCILIATION

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

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	53 764	34 220	34 220	34 220	(26 335)	(45 149)	(61 201)
Other current investments > 90 days		-	-	-	(40 495)	(43 241)	(43 241)	(43 241)	11 090	35 718	54 893
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	13 270	(9 021)	(9 021)	(9 021)	(15 246)	(9 431)	(6 308)
Application of cash and investments											
Unspent conditional transfers		-	-	-	16 589	57	57	57	57	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	(1 532)	(1 818)	(1 818)	(1 818)	(1 890)	(2 042)	(2 206)
Other working capital requirements	3	-	-	-	42 775	82 862	82 862	82 918	88 800	2 374	2 463
Other provisions		-	-	-	3 474	4 389	4 389	4 389	4 389	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	569	569	569	569	569	-	-
Total Application of cash and investments:		-	-	-	61 875	86 060	86 060	86 116	91 925	332	257
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		-	-	-	(48 605)	(95 081)	(95 081)	(95 137)	(107 171)	(9 763)	(6 565)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	18 000	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		-	-	-	(30 605)	(95 081)	(95 081)	(95 137)	(107 171)	(9 763)	(6 565)

Employee related costs

5.1. Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government.

Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases. It has been observed over the previous years that salary increases were above inflation and this has posed challenges to most municipalities' sustainability. In addition, municipalities that could not afford such increases did not apply for exemption as provided by SALGBC.

Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. The 2022 State of Local Government Finance Report revealed that 157 municipalities are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.

5.2. Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from the councillor(s) concerned.

It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process.

- Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from councillor(s) concerned.

Councillors and Senior managers benefits

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

The table below represent the actual amount of councillors and managers benefit.

NC061 Richtersveld - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior m							
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum							2.
Councillors	3						
Speaker	4		680 871	47 004			727 875
Chief Whip			333 677	47 004			380 681
Executive Mayor			862 838	47 004			909 842
section 79			322 510	47 004			369 514
Executive Committee			572 184	94 008			666 192
Total for all other councillors			1 570 876	235 020			1 805 896
Total Councillors	8	-	4 342 956	517 044			4 860 000
Senior Managers of the Municipality	5						
Municipal Manager (MM)			1 179 278				1 179 278
Chief Finance Officer			942 613				942 613
Technica manager			942 613				942 613
Total Senior Managers of the Municipality	8,10	-	3 064 504	-	-		3 064 504

Operating expenditure

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures exclude distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. etc..

Provision for depreciation and asset impairment has been informed by the Annual Financial Statements of 2023/24. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Finance charges mainly consist of interest on overdue accounts.

Funding of municipal budgets

- National Treasury has observed over the years that many municipalities that adopt unfunded budgets are adopting budget funding plans as a mere compliance exercise.
- There is very little progress made to turn around from an unfunded budget position, to a funded one.
- **To this effect, National Treasury will only allow municipalities to turn around from an unfunded budget position to a funded position within three years, of which in each year there should be measurable progress in terms of the improvement in the collection rate and cost containment initiatives.**
- Failure for the municipalities to show visible progress each year, such municipality will not be allowed to table an unfunded budget.
- On monthly basis, these municipalities are required to submit progress reports to the Go Muni Portal which must be closely monitored by the respective Provincial Treasuries.

Also note that all municipalities that adopted funded budgets in **2024/25**, will not be allowed to adopt unfunded budgets in **2025/26** and going forward, this implies that such budget will be referred by National/ Provincial treasury for review until the funded position is achieved. This is to enforce compliance with Section 18 of the MFMA and to encourage prudent financial management which **includes collecting what is due to a municipality and paying for services rendered**

1.7 Municipal manager's quality certificate

I, Joseph .G. Cloete Municipal manager of Richtersveld Municipality, hereby certify that the annual budget, 2025/26 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: JG Cloete
Municipal Manager of Richtersveld Municipality (NC061)

Signature _____

Date _____

RICHTERSVELD MUNICIPALITY