

RICHTERSVELD

MUNICIPALITY



**MUNISIPALITEIT
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Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

BUDGET FUNDING PLAN TO IMPROVE FROM AN UNFUNDED TO A FUNDED BUDGET POSITION

MARCH 2025

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1. INTRODUCTION

The Richtersveld Municipality tabled unfunded budget for the 2025/2026 MTREF. The National Treasury has communicated in MFMA Circular No 115 on 4 March 2022 that **where municipalities have adopted an unfunded budget without a credible funding plan, they will be required to correct the funding plan and ensure that it is credible.**

Credible funding plan must be immediately adopted by the Municipal Council, and the changes to the budget must be effected in the main adjustments budget to ensure compliance with Section 18 of the MFMA.

Richtersveld Municipality has an unfunded budget for the 2025/26 financial year taking into consideration all outstanding creditors. To comply with Section 18 of the MFMA, the Municipality must submit a funding plan showing how the municipality intends to move progressively out of this position .

2. OBJECTIVE

The objective of this report is to indicate how the municipality intends to move out of the current position of an unfunded budget.

3. BACKGROUND

The municipality's position is such that it cannot commit to a repayment plan for the outstanding Creditors. The municipality's income sources are challenged and limited. The municipality's financial sustainability has been questioned by the Auditor General's annual audit for more than 10 years.

The result is unfunded annual budgets, and the municipality literally must make monthly expenditure choices where salaries are prioritised with minimum levels of service delivery. Bulk purchases ended up not being paid, and are only paid when cash flow is available.

The economy mainly depends on mining, and to lesser extent tourism. The Richtersveld area in which the Richtersveld Municipality is situated is by nature a very dry and hard to survive desert-like environment which is very badly affected by the ongoing drought many considered the worst known.

Currently, the municipality is not financially sustainable, at least not in the medium to long term. The reality is that Richtersveld Municipality is situated in a social-economic disadvantaged environment with limited financial resources. Richtersveld Municipality is depending on grant funding to function as a municipal council has to find ways to be sustainable.

Overnight results cannot be expected and in fact, this is considered a medium to long term strategy. Outstanding debtors are increasing and the municipality is not able to

maintain positive cash flows to pay creditors within the thirty days timeframe as legally prescribed. Every effort should however be made to improve our revenue collection.

4. BUDGET POSITION

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
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	-	-

The positive cash inflow is based on strict financial controls, **a collection rate of at least 80% on receivables should be achieved when implementing of a funding plan.** This will only be possible through aggressive implementation of credit control policy and implementation of revenue enhancement projects.

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)

When taking into consideration opening balances of outstanding creditors and a shortfall on collection the reconciliation statement shows a credit balance of R 107 171 000.

The debt collection of the past year has improved slightly but is still lower than the rate of 80% that the municipality aims to achieve. Based on historic trends **96,64%** of consumers will not be able to settle their outstanding accounts.

In an attempt to improve the collection rate of the Richtersveld Municipality, the Council could take the following actions:

- The termination or restriction of the provision of municipal services;
- Implements the Council's right to terminate/restrict any service including prepaid water and electricity in the event of any arrears
- Implements the Council's right to allocate a portion of payment done by the consumer in respect of purchasing electricity as payment for any arrear municipal services;
- Councillors and officials are not permitted to owe the municipality arrears older than 90 days on their municipal account and the Municipality reserves the right to deduct all outstanding amounts from their salary;
- Businesses are not allowed to have accounts older than 60 days;
- Business will only be allowed to arrange arrear account for a maximum of 6 months (and should fall within the current financial year).
- Outstanding government department should also be collected

COST REFLECTIVE TARIFFS

National treasury assisted municipalities with cost reflective tariff , draft document was presented to council to note, see annexure A attached.

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 by Richtersveld Municipality.

The municipality has a rising unemployment rate with various socio-economic challenges. Therefore, the increase in any tariff will have a negative influence on the ability of consumers to settle their accounts at this stage.

The municipality is planning to implement pre-paid electricity meters to enhance revenue and the collection rate. The municipality also cannot collect all charges levied by Eskom through their tariffs, as they are not allowed to include these charges as part of their tariff.

Due to the majority of towns that are being serviced by Eskom, it becomes difficult to ensure services are sustainable and that all costs associated with the delivery of Electricity Services are at least recovered with a margin for future growth and/ or capital funding for electricity assets. Maintaining old electricity infrastructure is also burdening the municipality to improve service delivery.

INDIGENT MANAGEMENT

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 municipality's Indigent Policy. The target for 2024/25 is to register 1 333 indigent households and the process is reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in table A10 (Basic Service Delivery Measurement).

CHALLENGES

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

- The continuing difficulties in the national and local economy;
- Ageing of infrastructure assets;
- 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
- The municipality is grant dependent as the income from consumers will not be able to fund operations;
- The vastness of the municipal jurisdiction is also attributed to the increase in direct and indirect costs to provide services to remote communities.

CHALLENGES REGARDING DEBT COLLECTION

Indigent category changed from income of the owners of the property only to total income of household.

- Some of the indigents who participated in indigents programme previously are falling out of brackets and they have outstanding balances that they cannot afford to pay.
- Enforcing credit control policy on them becomes very difficult because the reality is their financial stability has not changed, they only fall off the programme because the act covers the total household income.

Difficulties in implementing the policy

- Most of our clients cannot afford to pay the first amount of instalment provided when considering the arrears amount within the brackets of the policy
- Some of them can't even commit to pay current account and arrears amount

Debt collection in Eskom town

- The municipality is still faced with the challenge of implementing debt collection policy in Eskom towns
- The municipality does not have the means to implement water restrictions

BUDGET PLAN TO TURN UNFUNDED BUDGET TO BE FUNDED

The municipality used the following budget principles and guidelines during the compilation of the 2025/26 adjusted MTREF:

- The 2023/24 AFS priorities and targets, as well as the baseline 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 gazette 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:

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

- 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 plans no budget**. If there is no business plan no funding allocation can be made.

Strategies implemented by the municipality in prior years and on which a considerable effect is seen are reducing fuel costs and overtime. These measures will continue.

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 an **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);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services;
- Tariff policies of the Municipality;
- Conduct a revenue management improvement programme to increase the revenue base and revenue; and
- Collecting outstanding debt of the largest debtors (Lower Orange River Diamonds and CPA) through inter-government relations.

PROGRESS ON FUNDING PLAN PILLARS

Pillar 1. Positive cash flow with a focus on revenue from trading service

- Payment rate to be increased
Enforce credit control policy, Ward councillors, ward committee and administration should all play their role to advocate the importance of paying municipal accounts. Indigent/debt collection committee is already established for this purpose

The above was successfully implemented, the municipality appointed credit control and indigent committee, this committee is functional

- Exploring other revenue sources
Administration should conduct investigation on all municipal accounts to check if all services are billed through MTT process.

The progress is very slow in this regard, the municipality successfully implemented promun 3, and few of the issues were successfully addressed, this is still an ongoing process

- Replacement of conventional meters with prepaid meters

The municipality can access funding through SLP to implement smart metering. Currently there is no progress. The municipality aimed to apply for funding for prepaid/smart meter as part of a debt relief programme, unfortunately the application was declined.

As a second option the municipality is in process of implementing SEEG, the appointment process is already done but there is nothing to report this far as the project is still in inception stage.

- Phase in of cost reflective tariffs by using National Treasury tool.
Treasury assisted the municipality with assessment of cost reflective tariff, draft was presented to council to note. Council also resolved not to increase the tariff with 4.9 percent as per Treasury guidelines but rather with 6% as a little step towards cost reflective tariff.

Pillar 2. Implementation of cost containment measures and a reduction of expenditure

- Adherence to fleet management policy
To avoid unauthorized trips, successfully implemented

- Overtime curbing
Overtime will only be taken into consideration if it is approved by HOD prior
Successfully implemented but there is still a room for improvement

- Subsistence and allowance to be priorities according to importance
Approval prior to attendance of training will be required, only training to enhance service delivery and productivity will be approved

Successfully implemented

Pillar 3. Realistic debtor's collection rates with incremental improvements year on year

- Review of revenue enhancement strategy
- Ward councillors and committee to be assisting with revenue collection
- Council established a debt collection committee which is dedicated to revenue collection
- Debt collection will be done on a continuous basis ,debt collection outreach programmes will be conducted every quarter.

Successfully implementation

Pillar 4. Creditors payments rates that ensure that all fixed obligations for bulk purchases, are met; and

- Entering into payment agreements with the top creditors
The municipality is currently participating in debt relief programme.

Pillar 5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed

- Procurement plan
The municipality need to stick to the plan submitted to treasury with regards to acquiring services required
- Contract register
The municipality is already in a process to implement contract management
Proper planning to ensure that contractors been appointment on time and projects been completed on time

By taking the principles and strategies adopted by the municipality into consideration, the implementation of the pre-paid electricity meters is key to unlocking credit control and debt collection.

5. CONCLUSION

The Municipality's biggest concern regarding the outstanding creditors is the outstanding bulk accounts of Eskom,SALGA and auditor general.

- The fear is that the municipality will be removed from debt relief programme if all conditions of the programme are not adhered to on monthly basis.
- The municipality stand a chance to lose electricity distribution licenses as outlined in the condition of debt relief programme
- Interest will be charged on total outstanding amount
- Litigation process will be resumed.

The council and administration of Richtersveld Municipality remain committed to providing basic services to the Richtersveld community with the limited resources that are available to fulfil their constitutional mandate in delivering services to the community. This cannot be attained without the support of the Council.

Richtersveld Municipality would like to request the National Treasury to establish a combined working committee with representatives of the National Government, Provincial Government, the District

Municipality and the Richtersveld Municipality to investigate suitable solutions for the turn-around of the municipality and identify suitable and practical solutions that can be implemented at the municipality.

.....
Mr C Knoph
Mayor

BUDGET PLAN TO TURN UNFUNDED BUDGET TO BE FUNDED.							
PRIORITY AREA	KEY DELIVERABLE OBJECTIVES	ACTIVITIES	RESPONSIBLE DEPARTMENT/ OFFICIAL	START DATE	END DATE	OUTCOME	STATUS ACHIEVED/NOT ACHIEVED
Priority 1.							
Positive cash flow.	Ensure incremental increase in cash flow as follows: Year 1- at least 30 days cash on hand. Year 2- at least 30 days cash on hand. Year 3 - at least 2 months cash on hand.	1. Improve Expenditure Management. 2. Prevention of bloated staff structure 3. Improve revenue management. 4.Implementation of cash and investment policy.	Municipal Manager/All HOD's	01-Jul-23	ongoing	Funded Budget with positive cash flows.	This is a continuous process
Priority 2							
Debtor collection rate.	Realistic debtor collection rate as follows: 1. Year 1- Year 2020/21 Covid 19 as baseline. 2. Year 2 - 10% increase on baseline. Year 3 - 10% increase on baseline.	1. Data cleansing - ensure correct accounts 2. Implementation of incentives to enhance payment. 3. Ward Councilors to encourage wards to pay for services. 4.Accessible paypoints available 24/7. 5. Implement stringent credit control measures. 6.Improvement of service delivery. 7. Improve customer care management.	Mayor/Councillors/Ward committes/Municipal Manager/All HOD's	01-Jul-23	Ongoing	95% debtor collection rate	Continuous process
Priority 3.							
Cost containment Measures.	Prevention of wasteful and irregular expenditure.	1. Reduction in overtime. 2.Strict control measures on travelling. 3. Avoid usage of consultants where officials can do the work. 4.Restrict number of delegates to meetings and conferences. 5. Reduce electricity and water distribution losses. 6.Keep staff expenditure within the norm(to 30-40% of OPEX) 7. Reduce Capex expenditure from own resources.	Municipal Manager/All HOD's	01-Jul-23	Ongoing	Expenditure limited to what is necessary.	Monitor yearly
Priority 4.							
Payment of Creditors.	Ensure that all fixed obligations, including payment for bulk services are met.	1. Development of realistic payment plans that will ensure that cash flow of municipality remains positive. 2. Suggested payment plans: Year 1 - all current payments including current payments to bulk suppliers. Payment arrangement for arrear debt from year 2 forward till creditors are paid fully.	Municipal Manager/All HOD's	01-Jul-23	Ongoing	Municipality are able to meet all obligations.	

ANNEXURE A: COST REFLECTIVE TARRIF

SUMMARY: NON-TARIFF REVENUE SOURCES

	Total (R)	Water (R)	Sanitation (R)	Electricity (R)	Solid waste (R)	Other services (R)	Governance and administration (R)
Operating grants and subsidies	30 229 000	-	-	-	-	1 400 000	28 829 000
Property rates	29 563 380	-	-	-	-	29 563 380	-
Other income	18 653 764	2 536 841	2 393 581	4 783 590	1 945 931	2 345 051	4 648 770
Non-tariff service charges	-	-	-	-	-	-	-
Total	78 446 144	2 536 841	2 393 581	4 783 590	1 945 931	33 308 431	33 477 770

The above table represent all other revenue as per draft budget submitted on go _muni portal excluding service charges.

EXPENDITURE SUMMARY

Type of expenditure	Total (R)	Water (R)	Sanitation (R)	Electricity (R)	Solid waste (R)	Other services (R)	Governance and administration (R)
Employee related costs	33 191 650	1 398 349	1 584 017	908 527	1 006 608	10 055 289	18 238 860
Remuneration of councillors	4 881 707	-	-	-	-	-	4 881 707
Bulk purchases - electricity	13 240 259	-	-	13 240 259	-	-	-
Inventory consumed	4 329 568	1 996 929	-	105 529	105 529	1 055 298	1 066 283
Debt impairment	13 423 938	1 556 367	1 060 441	4 516 612	897 663	-	5 392 855
Depreciation and amortisation	8 210 394	405 178	980 159	227 676	551 772	4 519 476	1 526 133
Interest	3 807 648	-	-	-	3 531 762	-	275 886
Contracted services	10 599 392	1 810 350	-	6 783 669	106 000	1 830 680	280 693
Transfers and subsidies	-	-	-	-	-	-	-
Irrecoverable debts written off	1 640 574	273 429	273 429	273 429	273 429	273 429	273 429
Operational costs	18 079 413	2 644 610	5 225	3 702 454	5 225	5 414 362	6 307 537
Losses on disposal of Assets	-	-	-	-	-	-	-
Other Losses	275 279	157 622	-	-	-	-	117 657
Total direct costs per service	111 679 822	10 242 834	3 903 271	29 758 155	6 265 988	23 148 534	38 361 040

ALLOCATION OF GOVERNANCE AND ADMINISTRATION COST

	Reallocation of Indirect Costs.						Total
	Water	Sanitation	Electricity	Solid waste(R)	Other services	Total	
Total Cost of services	10 242 834,00	3 903 271,00	29 758 155,00	6 265 988,00	23 148 534,00	73 318 782,00	
Percentage	13,97	5,32	40,59	8,55	31,57	100,00	

Total (R)	Water (R)	Sanitation (R)	Electricity (R)	Solid waste (R)	Other services (R)
	14%	5%	41%	9%	32%
38 361 040	5 359 037	2 040 807	15 569 595	3 279 869	12 111 731

GAPS TO BE FILLED

	Total (R)	Water (R)	Sanitation (R)	Electricity (R)	Solid waste (R)	Other services (R)
Direct expenditure	73 318 782	10 242 834	3 903 271	29 758 155	6 265 988	23 148 534
Indirect expenditure	38 361 040	5 359 037	2 040 807	15 569 595	3 279 869	12 111 731
Total expenditure	111 679 822	15 601 871	5 944 078	45 327 750	9 545 857	35 260 265
Non-tariff revenue allocated to service	44 968 374	2 536 841	2 393 581	4 783 590	1 945 931	33 308 431
Non-tariff revenue allocated to Gov & Admin	33 477 770	4 676 844	1 781 017	13 587 623	2 862 349	10 569 936
Total non-tariff revenue allocated	78 446 144	7 213 685	4 174 598	18 371 213	4 808 280	43 878 367
Gap to be filled through tariffs	33 233 678	8 388 186	1 769 480	26 956 538	4 737 577	- 8 618 102

Total expenditure is R111 679 822, other services in this instance is making a profit of R8 618 102 and all other services are running a loss. The rule says if the municipality want to make 10% profit, then the 10% should be included as a cost.

Detail	Richtersveld Local Municipality						Governance and Admin
	Total	Water	Sanitation	Electricity	Solid waste	Services	
Employee related costs	33 191 650,00	1 398 349,00	1 584 017,00	908 527,00	1 006 608,00	10 055 289,00	18 238 860,00
Remuneration of councillors	4 881 707,00	-	-	-	-	-	4 881 707,00
Bulk purchases - electricity	13 240 259,00	-	-	13 240 259,00	-	-	-
Inventory consumed	4 329 568,00	1 996 929,00	-	105 529,00	105 529,00	1 055 298,00	1 066 283,00
Debt impairment	13 423 938,00	1 556 367,00	1 060 441,00	4 516 612,00	897 663,00	-	5 392 855,00
Depreciation and amortisation	8 210 394,00	405 178,00	980 159,00	227 676,00	551 772,00	4 519 476,00	1 526 133,00
Interest	3 807 648,00	-	-	-	3 531 762,00	-	275 886,00
Contracted services	10 599 392,00	1 810 350,00	-	6 783 669,00	106 000,00	1 830 680,00	280 693,00
Transfers and subsidies	-	-	-	-	-	-	-
Irrecoverable debts written off	1 640 574,00	273 429,00	273 429,00	273 429,00	273 429,00	273 429,00	273 429,00
Operational costs	18 079 413,00	2 644 610,00	5 225,00	3 702 454,00	5 225,00	5 414 362,00	6 307 537,00
Losses on disposal of Assets	-	-	-	-	-	-	-
Other Losses	275 279,00	157 622,00	-	-	-	-	117 657,00
Total Direct Costs	111 679 822,00	10 242 834,00	3 903 271,00	29 758 155,00	6 265 988,00	23 148 534,00	38 361 040,00
Reallocation Indirect costs	-	5 359 037,29	2 040 807,33	15 569 595,30	3 279 868,92	12 111 731,16	- 38 361 040,00
Surplus or (deficit)	8 618 102,16	-	-	-	-	8 618 102,16	-
Total Costs -Direct and Indirect	120 297 924,16	15 601 871,29	5 944 078,33	45 327 750,30	9 545 856,92	43 878 367,32	

Richtersveld Local Municipality						
Detail	Total	Water	Sanitation	Electricity	Solid waste	Services
Total Costs - Direct and Indirect	120 297 924,16	15 601 871,29	5 944 078,33	45 327 750,30	9 545 856,92	43 878 367,32
Less Non - Tariff revenue						
Grants	30 229 000,00	4 027 411,30	1 533 702,80	11 700 826,23	2 464 879,50	10 502 180,17
Property Rates	29 563 380,00					29 563 380,00
Other Revenue	18 653 764,00	3 186 274,17	2 640 895,56	6 670 386,28	2 343 400,84	3 812 807,15
Total Non Tariff revenue	78 446 144,00	7 213 685,47	4 174 598,36	18 371 212,51	4 808 280,34	43 878 367,32
Revenue Required from Tariffs	41 851 780,16	8 388 185,82	1 769 479,96	26 956 537,79	4 737 576,59	
Revenue Budgeted	29 297 597,00	6 681 205,00	3 069 298,00	16 300 314,00	3 246 780,00	
Surplus or (Deficit)	12 554 183,16	1 706 980,82	-1 299 818,04	10 656 223,79	1 490 796,59	
tariff should be increased with	30%	20%	0%	40%	31%	
5years	6%	4%	0%	8%	6%	
increase per annum	12%	10%	0%	14%	12%	

Revenue	
Exchange Revenue	
Service charges - Electricity	16 300 314,00
Service charges - Water	6 681 205,00
Service charges - Waste Water Management	3 069 298,00
Service charges - Waste Management	3 246 780,00
TOTAL	29 297 597,00

