



***MONTHLY BUDGET STATEMENT:
S71 MONTHLY REPORT: JANUARY 2025***

To comply with section 71 of the MFMA and the requirements as promulgated in the MBRR Government Gazette No 32141 of 17 June 2009 by submitting the Monthly Budget Statement to the Executive Mayor, National and Provincial Treasury within 10 working days after the end of each month, containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month.

SOL PLAATJE LOCAL MUNICIPALITY

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Due date: 14 February 2025

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List of Abbreviations and Acronyms used in the Monthly Budget Statement

AFS – Annual Financial Statements
AGSA - Auditor-General of South Africa
BTO - Budget and Treasury Office
CAPEX – Capital Expenditure
CFO - Chief Financial Officer
COGHSTA - Department of Co-operative Governance, Human Settlement and Traditional Affairs
DBSA - Development Bank of South Africa
DoRA - Division of Revenue Act
DPW – Department of Public Works
DSAC – Department of Sports, Arts and Culture
DWS - Department of Water and Sanitation
ED - Executive Director
EEDG - Energy Efficiency and Demand Side Management Grant
EPWP - Expanded Public Works Programme
FMG – Financial Management Grant
FY – Financial Year
GG – Government Gazette
GRAP - Generally Recognised Accounting Practices
GURP - Galeshewe Urban Renewal Programme
IDP - Integrated Development Plan
INEP - Integrated National Electrification Programme
ISDG - Infrastructure Skills Development Grant
IT - Information Technology
IUDG –Integrated Urban Development Grant
IYM – In-year Monitoring
KPA or KPI - Key Performance Area or Indicator
MBRR - Municipal Budget and Reporting Regulations (GG 32141 of 17 June 2009)
MBS – Monthly Budget Statement
MFMA - Municipal Finance Management Act (Act 56 of 2003)
MIG - Municipal Infrastructure Grant
MM - Municipal Manager
MSA - Municipal Systems Act
MSIG - Municipal Systems Improvement Grant
MTREF - Medium Term Revenue and Expenditure Framework
NDPG - Neighbourhood Development Partnership Grant
NERSA - National Energy Regulator of South Africa (“the Regulator”)
NT - National Treasury
OPEX – Operational Expenditure
O/S - Outstanding
PPE - Property, Plant and Equipment
R&M - Repairs and Maintenance
SALGA - South African Local Government Association
SCM - Supply Chain Management
SCOA – Standard Chart of Accounts
SDBIP - Service Delivery and Budget Implementation Plan
SEDP - Strategic Economic Development and Planning
SLA - Service Level Agreement
SMME - Small, Medium and Micro Enterprises
SPCA - Society for the Prevention of Cruelty to Animals
SPLM - Sol Plaatje Local Municipality
VAT – Value Added Tax
YTD – Year-to-date
WRM - Water Resource Management
WRL - Water Research Levy
WSIG – Water Services Infrastructure Grant

PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT: S71 MONTHLY REPORT FOR THE PERIOD ENDING 31 JANUARY 2025

1. Purpose

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 by the submission of a monthly budget statement to the Executive Mayor, National and Provincial Treasury containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month, as legislated.

The municipality realises, the critical importance of having a minimum 3 month's cash coverage which is a sound directive and required norm from National Treasury. This has been the focus of the municipality for the past few months to ensure that Sol Plaatje Municipality recovers fully to ensure its sustainability and financial viability. Serious actions will have to be taken to realise this target and Council's buy-in be secured, to the turn the municipality around is critically important. The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on quality service being rendered.

Currently, the total debtor's book is standing at R4,056,353 billion, of which 90% of the debt is owed in excess of 90 days. The total debt by customer group is classified as follows; R823,455 million is owed by government, R689,823 million by business and R2,419,384 billion by households. The municipality is urging government, businesses and households to meet their obligation to the municipality or make payment arrangements with the municipality. The cash collection is not at a desired level, and this does not bode well for the municipality's financial position. *There needs to be a major paradigm shift in the payment culture across all customer groups. This can only be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.* Consumers that are not paying for services, but consumers must bear in mind that no municipality will remain sustainable and functional if it expected to provide "services for free". And in the same breath, the municipality must employ all measures to ensure that customers receive quality and reliable services. The municipality is at the tail end of procuring services of debt collection specialists in order to strengthen the current debt collection initiatives. The value of providing quality services, should never be underestimated by the municipality because there is a direct correlation between providing quality services and consumers' willingness to pay.

Tough decisions have to be taken to have a meaningful impact and produce positive results. This action is long overdue, especially in light of the municipality's financial crisis and major threat to its financial viability and sustainability. In order for the municipality to thrive, overall performance must improve, the quality of services rendered must improve, accountability must be enforced which must be complimented by strict consequence management. Serious consideration should be given to the service delivery and financial implications of all decisions taken. Ensure that acts, regulations and policies are adhered to diligently, consistently and fairly. Enhance revenue collection and ensure that operational and capital funds are spent effectively with good value for money. Improving on preventative maintenance and spending funds cost-effectively and efficiently to address service delivery challenges can no longer be delayed, we have noted an increase in emergency maintenance which seems excessive as no competitive bidding is taking as a result of the impact of asset failure on service delivery. We are striving to ensure assets are maintained at desired levels and are being utilised optimally. The spending of funds will have to be prioritised, wastage be curbed, and overall personnel

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

performance and productivity be monitored and improved. Municipal officials should also take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure. Refrain from committing acts of financial misconduct and/or criminal offences as per Chapter 15 of the MFMA.

It is imperative that all municipal officials must have the inherent desire to do their job to the best of their ability, take pride and ownership in their work, take accountability for their job functions, doing the right thing consistently and work as a collective, cohesive team to achieve the municipality's strategic objectives. Foremost to all of these, have the community's best interest at heart.

2. Background

Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 June 2009, regarding the "Local Government: Municipal Finance Management Act 2003 and the Municipal Budget and Reporting Regulations" necessitates those specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance. "The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required Tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act." Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **31 January 2025**, the ten working day reporting limit expires on **14 February 2025**. The National Treasury will use only the *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings" which must be submitted before or on **14 February 2025**, (ten working day limit).

3. Executive summary

The Statement of Financial Performance shown in Annexure A, Table C4, is prepared on the prescribed monthly C-schedules, detailing Revenue by source and Expenditure by type. The consolidated summary of the financial performance is indicated in Table 1 and Table 2 below:

Summary Statement of Financial Performance: YTD Budget					
Description R thousand	YTD Budget January 2025	YTD Actual January 2025	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,725,662	1,799,158	73,496	104.3%	4.3%
Total Revenue (including capital transfers and contributions)	2,059,462	2,060,659	1,197	100.1%	0.1%
Total Operational Expenditure	1,719,310	1,584,441	(134,869)	92.2%	-7.8%

Table 1.1: Consolidated summary: Statement of Financial Performance: YTD Budget

As indicated in Table 1.1 above, as at 31 January 2025, the billed revenue excluding capital grants amounted to R1,799,158 billion which resulted in a fairly satisfactory variance of 4.3% when compared to the YTD Budget of R1,725,662 billion. The billed revenue including capital grants amounted to R2,060,659 billion, resulting in a satisfactory variance of 0.1% when compared to the YTD budget of R2,059,462 billion. Capital grants are recognised in the Statement of Financial Performance, monthly as soon as the conditions of the grant have been met. Reasons for the variances are articulated in Section 4.1 below. The Total Operational Expenditure amounted to R1,584,441 billion versus the YTD Budget of R1,719,310 billion, resulting in an unsatisfactory variance of minus 7.8%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual January 2025	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Total Revenue (excluding capital transfers and contributions)	2,958,278	1,799,158	1,552,635	60.8%	2.5%
Total Revenue (including capital transfers and contributions)	3,530,507	2,060,659	1,766,450	58.4%	0.03%
Total Operational Expenditure	2,928,505	1,584,441	1,340,399	54.1%	-4.2%

Table 1.2: Consolidated summary: Statement of Financial Performance: Original Budget

Indicated in Table 1.2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 58.33% [calculated as follow: (100/12 months x 7 months of the year)] as at the end of January 2025, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of 2.5%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 0.03%. The Total Operational Expenditure resulted in a satisfactory variance of minus 4.2%.

Please note that certain Revenue by source and Expenditure by type categories are showing excessive negative and/or positive variances. This is due to fact that the YTD budgets were all systematically determined on a straight-line basis by dividing the total budget per category per line item by 12. The capital projections were also done in the same fashion. Please note that variances within a 5 to 10 percent range, as prescribed by National Treasury are acceptable and need not necessarily be explained.

4. Budget performance overview

The municipality is implementing the original budget for 2024/25 financial year. The original budget for 2024/25 was assessed as funded with a firm recommendation from NT that the collection rate must improve.

Operating Revenue and Expenditure

Part1: Operating Revenue and Expenditure													
	2024/25										2023/24		Q3 of 2023/24 to Q3 of 2024/25
	Budget		First Quarter		Second Quarter		Third Quarter		Year to Date		Third Quarter		
	Main appropriation	Adjusted Budget	Actual	1st Q as % of Main appropriation	Actual	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual	Total as % of main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget	
R thousands													
Operating Revenue and Expenditure													
Operating Revenue	2,958,278	2,958,278	878,754	29.7%	710,040	24.0%	210,364	7.1%	1,799,158	60.8%	679,139	77.7%	(69.0%)
Operating Expenditure	2,928,505	2,928,505	664,058	22.7%	694,331	23.7%	226,052	7.7%	1,584,441	54.1%	550,853	67.6%	(59.0%)
Transfers and subsidies - capital (monetary allocations)	572,229	572,229	36,892	6.4%	220,548	38.5%	4,061	.7%	261,501	45.7%	39,256	44.3%	(89.7%)
Total Revenue	3,530,507	3,530,507	915,646	25.9%	930,588	26.4%	214,426	23.4%	2,060,659	58.4%			

Table 1.3: Part 1: Operating Revenue and Expenditure

As per Table1.3 above, overall Operational revenue is performing satisfactorily, with the actual achieved versus the Main appropriation standing at 60.8% achieved versus the ideal percentage of 58.33%. This is largely as a result of the annual billing on Property rates, over-recovery on Interest from Receivables, due to the escalation in debtors and the receipt of the second tranche of the Equitable Share. Operational expenditure is 54.1% spent which is understated due to the following, post-retirement health benefits which is not yet accounted for. The Eskom bulk invoice for January 2025 will be captured and authorised during February 2025. Increased expenditure on Contracted which will be addressed during the Adjustment budget. Transfers and subsidies – capital transferred to revenue amounts to 45.7% of the Main appropriation. This is an improvement when compared to third quarter for 2023/24 financial year.

Capital Revenue and Expenditure

Part 2: Capital Revenue and Expenditure													
R thousands	2024/25												
	Budget		First Quarter		Second Quarter		Third Quarter		Year to Date		2023/24		Q3 of 2023/24 to Q3 of 2024/25
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual Expenditure	Total Expenditure as % of main appropriation	Actual Expenditure	Total Expenditure as % of main appropriation	
Capital Revenue and Expenditure													
Source of Finance	613,729	613,729	41,783	6.8%	186,907	30.5%	6,549	1.1%	235,239	38.3%	51,500	41.7%	(87.3%)
National Government	572,229	572,229	36,892	6.4%	186,789	32.6%	4,628	8%	228,309	39.9%	32,245	48.5%	(85.6%)
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	3,000	50.0%	(100.0%)
Transfers and subsidies - capital (monetary alloc)(Deparm Agency	-	-	-	-	-	-	-	-	-	-	9,604	51.0%	(100.0%)
Transfers recognised - capital	572,229	572,229	36,892	6.4%	186,789	32.6%	4,628	.8%	228,309	39.9%	44,850	48.8%	(89.7%)
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	41,500	41,500	4,891	11.8%	118	.3%	1,921	4.6%	6,930	16.7%	6,650	21.1%	(71.1%)
Capital Expenditure Functional	613,729	613,729	41,783	6.8%	186,907	30.5%	6,549	1.1%	235,239	38.3%	51,500	41.7%	(87.3%)

Table 1.4: Part 2: Capital Revenue and Expenditure

Performance on the capital is normally poor during the start of financial year. As indicated in Table 1.4 above, total capital expenditure is standing at 38.3% spent versus the Main appropriation, whilst conditional grants spent amounts to 39.9% and internally generated funds at 16.7% spent. This is still not a desired outcome and more effective planning, monitoring and timely remedial action is essential to improve on the monthly and full year outcome of capital expenditure. It should be noted that capex excludes VAT, whilst VAT is accounted when transferring capex to the Statement of Financial Performance, when all conditions of the grant have been met.

Liquidity and debtors' management

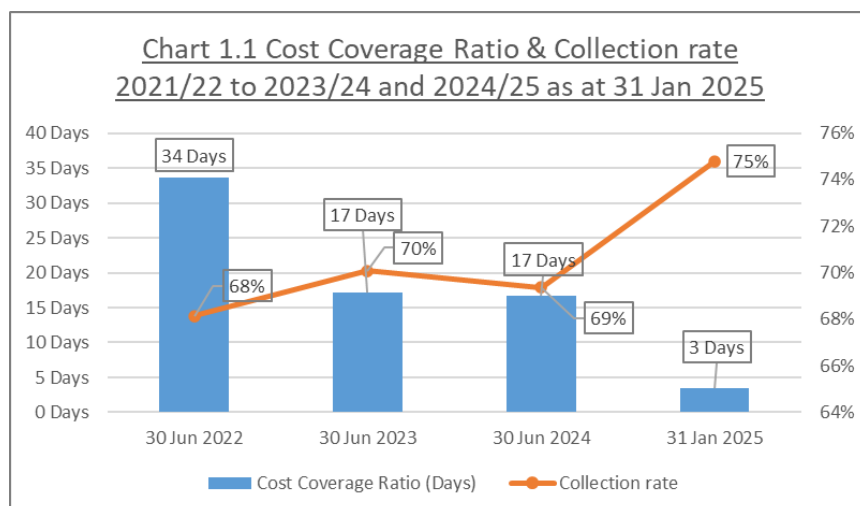


Chart 1.1 Cost Coverage Ratio & Collection rate

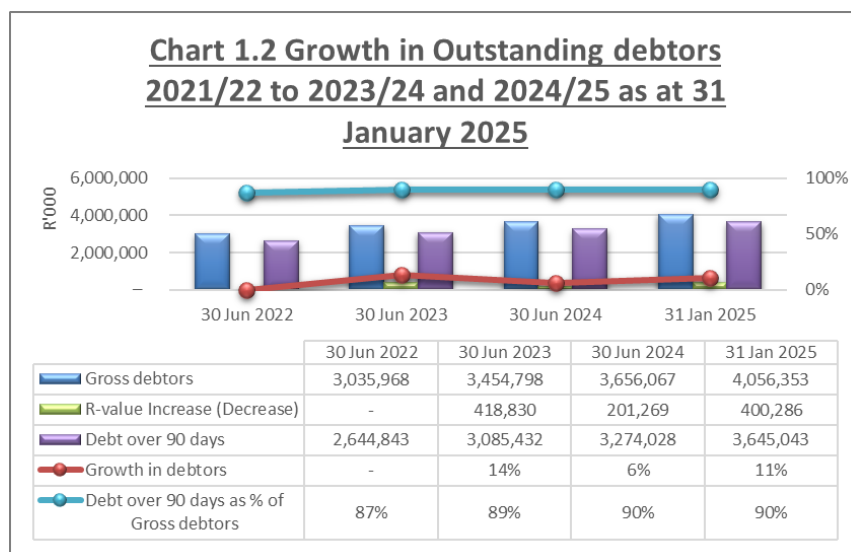


Chart 1.2 Growth in Outstanding debtors

- Indicated in Chart 1.1 is the Cost coverage ratio and the collection rate and in Chart 1.2 is the year-on-year growth in outstanding debtors from 2021/22 to 2024/25 until 31 January 2025.
- The growth in debtors is attributable to the lower collection rate, resulting in the critically low-Cost coverage ratio.
- The inverse is also true, if the municipality can improve payment levels and reduce debtors, this will ensure a better collection rate and a healthier Cost coverage, ensuring that the municipality can comfortably meet its obligations.
- All these factors impede on the municipality's ability to meet all its monthly fixed operating commitments from cash and short-term investments.
- The Cost coverage is on average 15 days and far below the norm of 3 months, whilst the collection rate on average is 70%, also well below the norm and SDBIP target of 95%. The Cost coverage ratio as at January 2025 is critically low, standing at 3 days due to unspent capital grants.
- From 2021/22 to 2022/23 debtors increased by R418,830m (14%), and then by R201,269m (6%) to 2022/23, whilst outstanding debtors increased by R400,286m (11%) from 30 June 2024 to 31 January 2025 for the current financial year
- Debt over 90 days is on average 90% of gross debtors over the periods, further emphasizing the municipality's inability to collect long outstanding debt.
- All three of these factors is indicative of the municipality's battle to collect outstanding debt and urgent intervention is of utmost importance to improve the liquidity of the municipality.

Municipal Debt Relief

The municipality's Debt Relief application to National Treasury was approved, effective 1 October 2023. The municipality concluded a payment arrangement agreement with Eskom on 12 June 2024 for debt accrued after March 2023, amounting to R163 million. It is imperative that the municipality abides with the conditions of Circular 124, as non-compliance have serious repercussions for the municipality and its electricity business. As articulated in Table 21. below, the municipality made partial payments on the July and August 2024 accounts for the high months and November 2024. The July 2024 account is now fully settled, except the Interest charges which is overdue and payable. The municipality is in arrears now with five instalments of the Payment Arrangement, amounting to R33,500 million. Eskom also indicated that the municipality is liable to settle the interest charges from July 2024 going forward, due to the municipality defaulting on the July 2024 account. Total Interest charges amounts to R8,833 million, as at end of December 2024. Interest on overdue accounts must be disclosed as Fruitless and Wasteful Expenditure. It is of paramount importance to be in good standing with ESKOM and to qualify for the recommendation for the one-third debt write-off, the municipality had an obligation to pay R134,337,170.97 by 30 September 2024 which was the completion date of the first 12 months of the municipal debt relief. However, Eskom granted the municipality a grace period until 11 December 2024. On the 11 December 2024, the municipality settled R67,190,839.43 which constitutes 50 percent of the original R134 million. The municipality settled an additional R5,000 million on 24 January 2025. The balance outstanding amounts to R62,146,331.54. The municipality requested an extension until 31 January 2025 to settle the balance, which did not materialise. As indicated in the table below, the amount that the municipality must pay has escalated to **R140,593,586.10**, which includes the balance with interest on the outstanding accounts from July to December 2024 amounting to R107,094 million and the outstanding repayment instalments totaling R33,500 million. The municipality is in breach of the conditions because the December 2024 account was settled, except for the interest which remains due. The repayment instalment was not settled in full at the end of January 2025.

Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments PA	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,059,100.03	R 273,911.75	R 6,700,000.00	R 6,973,911.75	R 273,911.75
Aug-24	R 127,600,942.44	R 72,000,000.00	R 55,600,942.44		R 55,600,942.44	R 154,610.92
Sep-24	R 71,086,942.52	R 69,337,712.24	R 1,749,230.28	R 6,700,000.00	R 8,449,230.28	R 1,749,230.28
Oct-24	R 73,507,839.50	R 70,741,905.79	R 2,765,933.71	R 6,700,000.00	R 9,465,933.71	R 2,765,933.71
Nov-24	R 69,973,808.12	R 25,000,000.00	R 44,973,808.12	R 6,700,000.00	R 51,673,808.12	R 2,159,642.32
Dec-24	R 71,858,904.48	R 70,129,144.68	R 1,729,759.80	R 6,700,000.00	R 8,429,759.80	R 1,729,759.80
TOTAL ESKOM	R 562,361,448.84	R 455,267,862.74	R 107,093,586.10	R 33,500,000.00	R 140,593,586.10	R 8,833,088.78

Table 2.1: Arrear debt payable to qualify for a third of the debt to be written-off.

The total debt eligible for write-off, over the 3-year period amounts to **R744,384,421.59**. The one-third of the qualifying debt to be written-off amounts to **R248,128,140.53**. Should the municipality fail to comply with the conditions and fail to settle the current year accumulative arrears, this is the debt relief benefit that the municipality will forfeit. This will be a serious blow to the municipality's finances and will have severe repercussions on the already critical cashflow position.

Month	Invoice Amount incl Interest	Paid Amount	Balance due	Less potential interest write-off	Total Due to be in Good standing	Interest
Arrears	R 54,656,466.48	R -	R 54,656,466.48	-R 14,703,680.46	R 39,952,786.02	R -
Oct-24	R 17,504,048.73	R -	R 17,504,048.73	R -	R 17,504,048.73	R -
Nov-24	R 17,504,048.73	R -	R 17,504,048.73	R -	R 17,504,048.73	R -
Dec-24	R 15,680,672.19	R -	R 15,680,672.19	R -	R 15,680,672.19	R -
TOTAL WATER	R 105,345,236.13	R -	R 105,345,236.13	-R 14,703,680.46	R 90,641,555.67	R -

Table 2.2 Arrear debt payable to DWS

Indicated in Table 2.2 above is the arrear debt payable to DWS. Another serious non-compliance to the conditions, is the non-payment of the October, November and December 2024 account for Water amounting to **R50,688,769.65**. The municipality had insufficient cash to settle the respective accounts. It is of great concern that the municipality could not manage to settle the debt repayment instalment to

DWS for the past six months, resulting in an amount outstanding on the debt agreement of **R39,952,786.02**. The total amount due and payable to DWS is **R90,641,555.67** to remain on the Department's Debt Incentive Programme. If the municipality fails to pay the outstanding arrear debt before end of February 2025, the municipality will forfeit the interest write-off of R14 million and the Department will resume in charging interest on overdue accounts, leading to an escalation in Fruitless and Wasteful expenditure and further impede on the municipality's financial recovery.

As per MFMA Circular 124, Section 5, articulated below are the consequence for failure to comply with the conditions of the Municipal Debt Relief and related initiatives:

"Municipalities are urged to maintain their behavioral change post the support. If a municipality fails to perform during the duration of the Municipal Debt Relief:

- a. The benefits of the Relief to that municipality will immediately cease;
- b. This means that Eskom will be obliged to implement its credit control and debt management policy on the defaulting municipality and the municipality must immediately start repaying its Eskom arrears, interest and penalties;
- c. Eskom may resume any legal proceedings (relating to the municipality's arrear debt, interest and penalties as of 30 March 2023), including attaching the municipal bank account; and
- d. The normal penalties applicable to the wider local government will also apply.

It is important to note that the work to resolve non-payment by municipalities is progressive and that the National Treasury intends to enforce the existing penalties available in the legislative framework and add additional penalties, including exploring but not limited to –

- A take-over of a defaulting municipality's electricity business;
- NERSA strengthening of license conditions;
- A National Treasury dispute resolution process;
- Strengthening and adding consequences and related consequence management processes as part of the ongoing review of the MFMA, including to facilitate the upfront resolve of budget issues and to instill a payment culture; and
- A wider special mechanism/ ombud system to facilitate organs of state payment and related disputes, including instituting consequences for organs of state failure to pay; etc.

In terms of the National Treasury's local government revenue improvement programme, all municipalities that benefit from the Municipal Debt Relief will continue to receive support towards strengthening their revenue value chains. Municipalities are cautioned that the National Treasury considers the conditions set out in paragraph 6.1 to 6.14 as critical financial management minimum best practice and confirms that if a municipality fails to meet any and/ or a combination of the conditions set out in this Municipal Debt Relief framework, it could (over-and-above the consequences set out in 5.1 above) constitute a serious breach of its financial management fiduciary responsibilities and may also constitute financial misconduct as envisaged in the MFMA and Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014. The National Treasury reserves the right to immediately invoke section 216 of the Constitution and/ or any other remedies available to government in terms of the prevailing legislative framework in such a situation (including instituting individual financial misconduct and/ or criminal proceedings).

Municipalities are reminded of MFMA s.173 to the effect that the accounting officer of a municipality is guilty of an offence if that accounting officer, deliberately or in a gross negligent way contravenes or fails to comply with MFMA s. 65(2)(f). Moreover, MFMA s.174 provides for penalties, to the extent where a person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation."

Monitor and report on implementation –

As per MFMA Circular 124,

Section 6.9.1. **MFMA section 71 reporting** – the municipal council and senior management team must closely monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant.

Section 6.9.2 Where progress is slow in terms of paragraph 6.9.1, the **active intervention must be evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the *mSCOA* data string.

Interventions employed by the municipality over the past three to six months including some challenges that the municipality is still facing.

The municipality made some significant strides in settling the monthly current accounts for Eskom and the Department of Water and Sanitation. The arrear debt owed to Waterboard has also been reduced significantly by R71,775 million during the 2023/24 financial year. Both ESKOM and DWS were satisfied with the progress the municipality has made, and the municipality has an amicable and good working relationship with both institutions. However, the municipality is in serious breach of maintaining the current account, specifically for Water as the last three months' invoices have not been paid. The municipality has not ratified the short payment on the November 2024 Eskom bulk account. The ring-fencing of cash received for Electricity and Water & Sanitation is accounted for on a daily basis. However, the municipality is running into serious financial trouble as cash receipts are below the projected target. The ring-fencing of funds has put severe pressure on the municipality's ability to settle Supply Chain and other sundry creditors. This is tarnishing the relationship with the municipality's suppliers and will have a severe impact on service delivery and the local economy. The biggest concern is the settling of the Eskom accounts for the high months (June to August).

A temporary moratorium on recruitment has been instituted, where the filling of all vacant and funded positions has been suspended with immediate effect, only critical vacant and funded positions will be filled.

An interim moratorium has been implemented on the sale of leave. Sale of leave to settle municipal accounts will no longer be permitted.

Overtime has been capped to 40 hours across all sections.

The policy for smart prepaid meters was approved on 31 May 2024 with the adopted budget for the 2024/25 MTREF.

The municipality finalized the item to Council for the smart prepaid meters grant offered by National Treasury and this was resolved by Council on 31 May 2024.

The smart meter grant was approved by National Treasury and implementation by the appointed service provider is underway.

NT granted approval for the municipality to partake in the transversal contract for smart prepaid meters. The non-buying prepaid consumers must be urgently addressed, and the municipality is confident that the smart prepaid metering solution will assist the municipality tremendously in improving on its billing accuracy and ensuring cash inflows from prepaid sales.

Urgent intervention is required on the restricting or interrupting of water supply for defaulting consumers. The collection rate for Water, Sanitation and Refuse is poor and urgent intervention is required.

The municipality introduced an incentive scheme to consumers from December 2023 to March 2024 with a 50% discount if the account is settled in full, with 100% write-off of interest on the account. This initiative yielded some positive results but not at the level that the municipality would have hoped.

The municipality is exploring the option to have consumers blacklisted that are delinquent payers. Departments are engaged on a regularly basis to recoup outstanding debt owed by Organs of State.

The commencing of debt collection action in January 2025, by four debt collection companies that was appointed by the municipality.

Through the office the General Manager (Revenue) a Revenue Enhancement Strategy has been developed in order to deal with the financial crisis currently faced by SPM. SPM faces several revenue challenges that impact its ability to deliver services effectively. Some of the key challenges include:

- a. **Inaccurate Billing Systems:**
Inefficient or inaccurate billing systems can lead to under-billing or over-billing of residents, which can cause disputes and further reduce the collection rates. Improving the accuracy and efficiency of billing is crucial for improving revenue collection.
- b. **Non-payment for Services:**
A significant challenge is the high rate of non-payment for municipal services such as water, electricity, and property rates. Many residents struggle to pay their bills due to economic hardships, leading to a shortfall in expected revenue.
- c. **Illegal Connections and Theft:**
Illegal connections to water and electricity services, as well as theft, lead to significant losses in potential revenue. The municipality faces challenges in detecting and curbing these illegal activities.
- d. **Debt Collection Issues:**
The Municipality often encounters difficulties in collecting outstanding debts (poor payment culture). Inefficient debt collection processes (Customers are no longer bothered when disconnected/blocked: they pay the required amount, get unblocked then wait for the next round of disconnections/blocking).

Addressing these challenges requires a multifaceted approach, including improving economic conditions, enhancing billing and collection systems and enforcing payment for services.

In addressing some of the above challenges a revenue enhancement project will be implemented and split into three phases due to the availability of funds, which are:

- a. Phase 1 – Replacement of non-functional meters for electricity
- b. Phase 2 – Replacement of non-functional water meters
- c. Phase 3 – Conversion of conventional meters for highest owing customers to prepaid meters.

We are on ground with our Cut Team and the Electricians, attending to the disconnection of electricity for Households, Government Departments and Businesses that are owing the Municipality substantial amounts of money. Prepaid meters of Customers situated in various areas have also been blocked.

We have seen the Customers coming in to make payments and arrangements once they discover that they have been blocked. We have community members strike in some areas; however the Executive Mayor has dealt with this in a diplomatic manner.

We are working on resolving the issues raised by Customers on their accounts, in the interim Customers are expected to make payment on services received (undisputed) versus the false premise that payment can be withheld until such time that the dispute is resolved.

During the month of August 2024, the municipality successfully launched the MeterMo meter reading system to enhance and improve the metered utility data of Sol Plaatje Municipality. This is aimed at ultimately improving our billing. In resolving billing queries, we are in a better position to collect on outstanding Customer Accounts. The plus in using this meter reading system is that it provides field captured data which includes GPS, time and date as well as photographic evidence of meter readings.

The Municipality has been awarded a smart meter grant of R100 million for smart prepaid meters for Household Customers, this will assist with revenue enhancement. With the use of smart meters, the

accuracy of our Billing will be improved, metering disputes will be resolved including the billing of interims.

The designated Electrical Department officials and the Cut Team members have been attending to disconnections in various areas in the City, this has assisted in obtaining payments from Customers defaulting from arrangements. We have had a challenge on the BCX system with the blocking function of prepaid meters, due to an upgrade. A query was logged, and a meeting was held with the service provider, they are currently trying to resolve the issue. We are currently blocking manually in order to collect the monies owed to the Municipality.

The Electrical Department officials have also been dealing with tampering cases on an ad hoc basis, due to their shortage in staff. This is to assist with the tampering problem currently facing the City. When prepaid meters are blocked the Customers are not affected, they continue to have access to electricity at a huge costs and loss to the Municipality. The issue has been raised on numerous occasions and a permanent solution is yet to be implemented by the Electrical Department.

The receipts for Government Departments, Parastatals and schools were R 41,380,847.98 million for the month January 2025 as compared to the R51 million received for the month of December 2024. We have continued with the disconnection/blocking of electricity services of all Customer groups that are owing. On the 14th of January 2025 correspondence was sent to the office of the Director General, Northern Cape Provincial Government; whereby notice was given for the disconnection of services of **All Government Departments** that are owing the Municipality (including all properties with due and payable rates and taxes accounts). 14-Day Warning Notices (for the disconnection of electricity services) were delivered at the relevant properties and disconnections will proceed if there is no intervention from the Office of the Premier by 24 February 2024.

4.1 Operating Revenue by Source

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Budget Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Revenue										
Exchange Revenue										
Service charges - Electricity	1,099,199	80,743	563,047	641,200	87.8%	(78,153)	-12.2%	51.2%	(78,153)	-7.1%
Service charges - Water	343,685	32,519	202,731	200,483	101.1%	2,248	1.1%	59.0%	2,248	0.7%
Service charges - Waste Water Managem	95,890	9,568	66,032	55,936	118.1%	10,097	18.1%	68.9%	10,097	10.5%
Service charges - Waste management	72,271	7,168	49,641	42,158	117.7%	7,483	17.7%	68.7%	7,483	10.4%
Sale of Goods and Rendering of Services	15,955	1,112	10,858	9,307	116.7%	1,550	16.7%	68.0%	1,550	9.7%
Agency services	-	-	-	-		-			-	
Interest	-	-	-	-		-			-	
Interest earned from Receivables	120,030	13,729	94,324	70,017	134.7%	24,306	34.7%	78.6%	24,306	20.3%
Interest from Current and Non Current Ass	9,000	2,440	11,219	5,250	213.7%	5,969	113.7%	124.7%	5,969	66.3%
Dividends	-	-	-	-		-			-	
Rent on Land	-	-	-	-		-			-	
Rental from Fixed Assets	27,740	2,649	18,328	16,182	113.3%	2,147	13.3%	66.1%	2,147	7.7%
Licence and permits	1,200	45	387	700	55.3%	(313)	-44.7%	32.3%	(313)	-26.0%
Operational Revenue	3,773	287	1,657	2,201	75.3%	(544)	-24.7%	43.9%	(544)	-14.4%
Non-Exchange Revenue	-									
Property rates	687,320	50,507	461,191	400,936	115.0%	60,254	15.0%	67.1%	60,254	8.8%
Surcharges and Taxes	-	-	-	-		-			-	
Fines, penalties and forfeits	32,143	(984)	16,750	18,750	89.3%	(2,000)	-10.7%	52.1%	(2,000)	-6.2%
Licence and permits	8,000	499	5,257	4,667	112.6%	590	12.6%	65.7%	590	7.4%
Transfers and subsidies - Operational	299,271	375	213,493	174,575	122.3%	38,918	22.3%	71.3%	38,918	13.0%
Interest	91,900	8,837	60,109	53,608						
Fuel Levy	-	-	-	-						
Operational Revenue	50,900	869	22,715	29,692	76.5%	(6,976)	-23.5%	44.6%	(6,976)	-13.7%
Gains on disposal of Assets	-	-	1,285	-	#DIV/0!	1,285	#DIV/0!	#DIV/0!	1,285	#DIV/0!
Other Gains	-	-	133	-		133			133	
Discontinued Operations	-	-	-	-						
Total Revenue (excluding capital transfers and contributions)	2,958,278	210,364	1,799,158	1,725,662	104.3%	66,995	3.9%	60.8%	73,496	2.5%
Transfers and subsidies - capital	572,229	4,061	261,501	333,800	78.3%	(72,300)	-21.7%	45.7%	(72,300)	-12.6%
Total Revenue (including capital transfers and contributions)	3,530,507	214,426	2,060,659	2,059,462	100.1%	1,197	0.1%	58.4%	1,196	0.0%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

Exchange Revenue

- ❖ Service charges - Electricity is showing an unsatisfactory variance of minus 12.2%. This understatement of Service charges Electricity is largely attributable to the non-implementation of the basic and capacity charges for households, which has not been resolved. Service charges Water is satisfactory with a variance of minus 1.1%. It is imperative that the Billing section does a proper investigation to ensure that all properties have functional meters installed and are billed accurately. This can be achieved by considering all properties on the General Valuation Roll. The same applies to all Service charges. To this end, SPM Digital Water System is currently in development. Digital integration of the International Water Association's Water Balance assessment, the initial findings show that 54 324 ervens received water accounts (76% of total) and 15 200 ervens did not receive water accounts (21% of total). A list of properties that do not receive municipal water accounts, will be shared with both the technical and finance departments to verify meter installations and ensure all properties are billed accordingly. Sanitation and Refuse is showing an over-recovery when compared to the YTD budget. This is largely attributable to the exercise of the Property Valuation section, where they did a comparative exercise of the number of properties

versus the number of accounts billed for Refuse. The verification on Sewerage charges is proving a bit more problematic, but the Property section is working on the challenges they experienced with this exercise to ensure that all properties do get billed accurately for Sewerage.

- ❖ Sale of Goods and Rendering of Services is performing satisfactorily with a positive variance of 16.7%. This is attributable to the advance receipts of R3,274 million for building plan approvals that was carried over from the prior financial year.
- ❖ Interest earned from Receivables is showing a positive variance of 34.7% due to the increase in specifically debt over 90 days, high level of debt over 90 days and the higher interest rate, prior to the recent interest repo rate cuts.
- ❖ Interest from Current and Non-current Assets shows a positive variance of 113.7%. Accrued interest of R2,121 million was recognised for the prior financial year. The municipality is improving on its cash and investment management and regularly invest funds not immediately needed for operations. The municipality is also investing capital grants already received, whilst keeping the unspent portion in the investment account. The bulk of the interest earned gets recognised at year-end.
- ❖ Rental from Fixed Assets, is showing a positive variance of 13.3% when compared to the YTD budget. The over-recovery is attributable to the increased billing for municipal flats. The Manager will be engaged to ascertain the root cause for the positive trajectory.
- ❖ Licences and permits are showing a negative variance of 44.7%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated, 32.3% achievement versus a budget of R1,200 million.
- ❖ Operational Revenue is showing a negative variance of 24.7%, as a result of an under-recovery on Insurance refunds. The municipality had one refund of R82 thousand that was possibly misallocated and must still be further investigated.

Non-Exchange Revenue

- ❖ Property Rates is showing a satisfactory variance of 15%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a negative variance of 10.7%, due to an under-recovery on Fines: Law Enforcement that is standing at 11.74% achieved versus a target of R12,000 million.
- ❖ Licence and permits are showing a positive variance of 12.6%, due to possible outstanding payments due to the Department of Transport, Safety and Liaison.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 22.3%, due to the receipt of the second tranche of the Equitable share during December 2024.
- ❖ Operational Revenue is showing an unsatisfactory variance of minus 23.5%. This is attributed to the Service charges from non-exchange revenue from Electricity as it was established that basic charges were erroneously allocated to availability charges, however an in-depth investigation must be performed.
- ❖ Gains on disposal of assets, the YTD actual amounts to R1,285 million pertaining to land sales.
- ❖ Other Gains, pertains to gains realised from Stores.
- ❖ Transfers and subsidies - Capital is showing a negative variance of minus 21.7% when compared to the YTD budget. Capital grants remains lower than anticipated due to poor capital grant expenditure, however the YTD actual does show improvement compared to the prior year for the same period. Serious intervention will have to be taken by management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Comparison against Original Budget

Based on the IYM percentage of 58.33%, the majority of revenue sources are performing satisfactorily.

Exchange Revenue

- ❖ Service charges when compared to the Original budget is performing satisfactorily.
- ❖ Sale of Goods and Rendering of Services is showing a positive variance of 9.7%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a positive variance of 20.3%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a positive variance of 66.3%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits are showing an unsatisfactory variance of minus 26%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing an unsatisfactory variance of minus 14.4%. Same factors are applicable as described in the paragraph above.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive variance of 8.8%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a negative variance of 6.2%. Same factors are applicable as described in the paragraph above.
- ❖ Licence and permits are showing a positive variance of 7.4%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 13%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a negative variance of 13.7%. Same factors are applicable as described in the paragraph above.
- ❖ Gains on disposal of assets shows a movement of R1,285 million. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Capital is showing an unsatisfactory variance of minus 12.6%. Capital grants remains lower than anticipated due to poor capital grant expenditure. However, there is an improvement for the period under review. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Indicated in Chart 1.1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 January 2025. The main contributors of the municipality's revenue are Service Charges (49%), Property Rates (25.6%) and Transfers and subsidies (11.9%). The contribution per Revenue source is distorted, as a result of the annual billing of Property rates and the receipt of the second tranche of the Equitable Share.

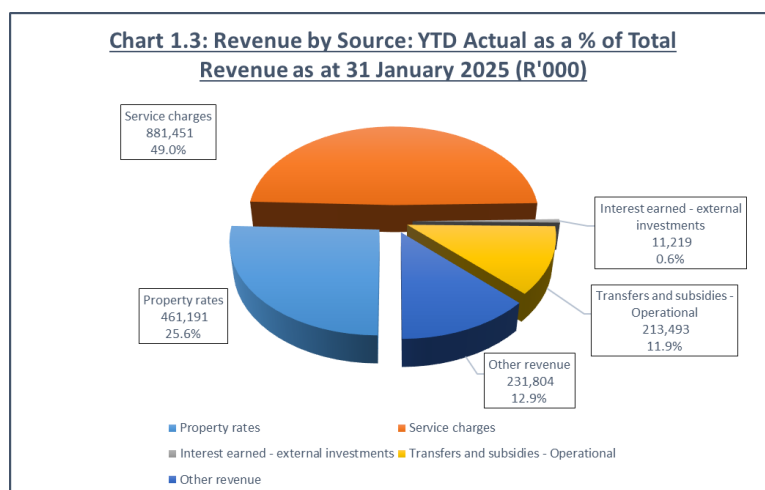


Chart 1.3: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Budget Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	950,863	68,542	493,802	554,672	89.0%	(60,870)	-11.0%	51.9%	(60,868)	-6.4%
Remuneration of councillors	37,077	4,364	20,713	21,628	95.8%	(915)	-4.2%	55.9%	(915)	-2.5%
Bulk purchases - electricity	897,300	102,101	490,162	534,435	91.7%	(44,273)	-8.3%	54.6%	(33,263)	-3.7%
Inventory consumed	319,605	30,062	178,879	186,437	95.9%	(7,559)	-4.1%	56.0%	(7,558)	-2.4%
Debt impairment	355,246	–	177,623	207,227	85.7%	(29,604)	-14.3%	50.0%	(29,604)	-8.3%
Depreciation and amortisation	89,700	–	44,850	52,325	85.7%	(7,475)	-14.3%	50.0%	(7,475)	-8.3%
Interest	17,774	1	9,182	10,368	88.6%	(1,186)	-11.4%	51.7%	(1,186)	-6.7%
Contracted services	40,731	2,452	29,036	23,760	122.2%	5,277	22.2%	71.3%	5,277	13.0%
Transfers and subsidies	3,660	625	1,259	2,135	58.9%	(876)	-41.1%	34.4%	(876)	-23.9%
Irrecoverable debts written off	–	1	2	–		2			2	
Operational costs	151,549	17,904	100,897	88,405	114.1%	12,492	14.1%	66.6%	12,494	8.2%
Losses on Disposal of Assets	–	–	–	–		–			–	
Other Losses	65,000	–	38,036	37,917	100.3%	119	0.3%	58.5%	119	0.2%
Total Expenditure	2,928,505	226,052	1,584,441	1,719,310	92.2%	(134,869)	-7.8%	54.1%	(123,854)	-4.2%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 January 2025 current YTD expenditure shows an unsatisfactory variance of minus 7.8%. The YTD actual amounted to R1,584,441 billion against the YTD Budget of R1,719,310 million.

- ❖ Employee related costs show an unsatisfactory variance of minus 11%, due to Post-retirement benefit obligations that are not factored in and which will only be finalised as part of year-end procedures. There is a moratorium on the filling of non-critical vacancies and the sale of leave has been suspended.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 4.2%. The gazette for the upper limits of political office bearers has been issued for the current year and implemented accordingly.
- ❖ Bulk purchases – Electricity is showing a negative variance of minus 8.3%, due to the January 2025 account that will be captured and authorised during February 2025.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 4.1%. Expenditure for the first month of the year is normally low, due later re-opening of the financial year after year-end closure. Various commitments are raised on the system, awaiting delivery of goods and services. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and that funds will be fully spent at year-end. The major backlog and deterioration of infrastructure and high-level of crisis management is negatively influencing this expenditure line items and sound financial management of budgets is not adequately exercised. Deviations and re-directing of funds to manage crisis's is severely and rapidly depleting the R&M budget, impeding on the funds required for day-to-day maintenance. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective whilst ensuring that tariff increases are inflationary related as prescribed by NT's annual MFMA Budget circulars. This is a major impediment for the municipality to increase the R&M budget to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

R&M Expenditure per Directorate per Inventory type as at 31 January 2025 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original	Sum of % Spent Adj budget	% Spent compared against ideal IYM % of 58.33%
VOTE 1 - COUNCILLORS AND ADMIN	202,000	202,000	-	42,856	21.22%	21.22%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	85,000	85,000	-	42,856	50.42%	50.42%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	2,000	2,000	-	-	0.00%	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	115,000	115,000	-	-	0.00%	0.00%	UNSATISFACTORY
VOTE 2 - MUNICIPAL AND GENERAL	22,997,000	22,997,000	3,081,527	19,236,110	83.65%	83.65%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	520,000	520,000	36,165	164,520	31.64%	31.64%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	400,000	400,000	25,426	117,426	29.36%	29.36%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	22,077,000	22,077,000	3,019,936	18,954,164	85.85%	85.85%	OVERSPENT
VOTE 3 - MUNICIPAL MANAGER	117,000	117,000	8,805	64,433	55.07%	55.07%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	99,000	107,000	8,805	62,433	63.06%	58.35%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,000	10,000	-	2,000	11.11%	20.00%	UNSATISFACTORY
VOTE 4 - CORPORATE SERVICES	10,568,000	10,568,000	123,226	1,050,881	9.94%	9.94%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	902,000	886,000	21,827	278,166	30.84%	31.40%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	272,000	277,000	18,201	174,939	64.32%	63.15%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	530,000	530,000	59,948	244,174	46.07%	46.07%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	8,864,000	8,875,000	23,250	353,602	3.99%	3.99%	UNSATISFACTORY
VOTE 5 - COMMUNITY SERVICES	35,714,500	35,714,500	1,415,377	10,849,661	30.38%	30.38%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	986,500	1,016,500	46,208	356,802	36.17%	35.10%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	54,000	54,000	-	758	1.40%	1.40%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	222,000	222,000	32,113	157,861	71.11%	71.11%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,087,000	1,187,000	32,396	497,540	45.77%	41.92%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	8,976,000	8,956,000	643,963	3,430,229	38.22%	38.30%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	826,000	826,000	33,946	166,046	20.10%	20.10%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,563,000	23,453,000	626,751	6,240,425	26.48%	26.61%	UNSATISFACTORY
VOTE 6 - FINANCIAL SERVICES	2,368,000	2,368,000	127,004	1,066,516	45.04%	45.04%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,320,000	1,300,000	65,350	698,156	52.89%	53.70%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	175,000	175,000	11,595	84,008	48.00%	48.00%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	198,000	198,000	10,839	78,828	39.81%	39.81%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	675,000	695,000	39,220	205,524	30.45%	29.57%	UNSATISFACTORY
VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	6,381,000	6,381,000	133,058	1,487,314	23.31%	23.31%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	419,000	414,000	1,385	107,921	25.76%	26.07%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	61,000	54,000	-	16,052	26.31%	29.73%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	418,000	418,000	19,539	144,224	34.50%	34.50%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	8,000	8,000	1,720	3,935	49.18%	49.18%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	5,475,000	5,487,000	110,414	1,215,183	22.20%	22.15%	UNSATISFACTORY
VOTE 8 - INFRASTRUCTURE SERVICES	241,257,705	241,257,705	25,173,030	145,080,852	60.14%	60.14%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	645,000	647,000	20,760	244,833	37.96%	37.84%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	24,172,000	24,172,000	2,847,238	10,896,032	45.08%	45.08%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	762,000	774,000	43,411	390,295	51.22%	50.43%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	8,930,000	8,710,000	647,119	4,430,007	49.61%	50.86%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	860,000	600,000	8,348	103,533	12.04%	17.26%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	140,886,705	141,352,705	15,832,355	78,286,682	55.57%	55.38%	SATISFACTORY
2326600 (INVENTORY - WATER)	65,000,000	65,000,000	5,773,798	50,729,471	78.05%	78.05%	OVERSPENT
Grand Total	319,605,205	319,605,205	30,062,026	178,878,623	55.97%	55.97%	SATISFACTORY

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 31 January 2025 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Spent Original Budget	Sum of % Spent Adj Budget	% Spent compared against ideal IYM % of 58.33%
2480 - REFUSE	21,500,000	21,500,000	896,916	6,298,883	29.30%	29.30%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	90,000	90,000	-	12,003	13.34%	13.34%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	210,000	210,000	340	10,017	4.77%	4.77%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,000,000	6,000,000	550,005	2,810,826	46.85%	46.85%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	500,000	500,000	1,911	2,282	0.46%	0.46%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	14,700,000	14,700,000	344,660	3,463,755	23.56%	23.56%	UNSATISFACTORY
2830 - ROADS	46,747,000	46,747,000	3,017,216	28,400,339	60.75%	60.75%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	55,000	55,000	-	9,240	16.80%	16.80%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	58,000	58,000	1,943	11,148	19.22%	19.22%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	46,634,000	46,634,000	3,015,272	28,379,951	60.86%	60.86%	SATISFACTORY
2840 - HOUSING	3,509,000	3,509,000	327,054	1,415,399	40.34%	40.34%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	89,000	89,000	-	52,865	59.40%	59.40%	SATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	145,000	145,000	20,315	111,977	77.23%	77.23%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	160,000	160,000	6,840	60,824	38.02%	38.02%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,114,000	3,114,000	299,899	1,189,733	38.21%	38.21%	UNSATISFACTORY
2850 - SEWERAGE	22,024,000	22,024,000	1,557,839	15,280,079	69.38%	69.38%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	30,000	32,000	584	21,275	70.92%	66.48%	OVERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	170,000	-	8,334	4.90%	4.90%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	259,000	259,000	19,241	62,826	24.26%	24.26%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,400,000	2,180,000	202,103	1,154,779	48.12%	52.97%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	400,000	150,000	-	9,787	2.45%	6.52%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,765,000	19,233,000	1,335,911	14,023,078	74.73%	72.91%	OVERSPENT
2860 - WATER	121,123,000	121,123,000	17,441,204	78,394,783	64.72%	64.72%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	77,000	77,000	-	46,177	59.97%	59.97%	SATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	24,002,000	24,002,000	2,847,238	10,887,698	45.36%	45.36%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	110,000	122,000	-	87,838	79.85%	72.00%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,300,000	2,300,000	169,339	1,072,214	46.62%	46.62%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	460,000	450,000	8,348	93,745	20.38%	20.83%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	29,174,000	29,172,000	8,642,481	15,477,640	53.05%	53.06%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	65,000,000	65,000,000	5,773,798	50,729,471	78.05%	78.05%	OVERSPENT
2880 - ELECTRICITY	51,537,000	51,527,000	3,081,457	21,581,843	41.88%	41.88%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	210,000	210,000	10,335	50,688	24.14%	24.14%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	76,000	76,000	609	24,990	32.88%	32.88%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	51,250,000	51,240,000	3,070,513	21,506,165	41.96%	41.97%	UNSATISFACTORY
Grand Total	266,440,000	266,430,000	26,321,686	151,371,326	56.81%	56.81%	SATISFACTORY

Table 4.2 R&M Expenditure per Service per inventory type

- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the third quarter will be processed before the end of March 2024.
- ❖ Depreciation was projected for on a straight-line basis and a quarterly journal will be processed to account for prorata depreciation. The journal for the third quarter will be processed before the end of March 2024. The municipality engaged our service provider to make use of the available Asset module (AM) on the financial system. Implementation of the AM is underway. This will resolve the automation of accounting for depreciation monthly.
- ❖ Interest is showing an unsatisfactory variance of minus 11.4%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year was settled before the 31 December 2024. There is also minimal movement pertaining to minor interest on overdue accounts. This was addressed with a virement but will be factored into the Adjustment budget. The total interest charges on overdue accounts on the Eskom bulk account, for the current financial year amounts to R10,712 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. Eskom confirmed that this interest will not be reversed and is payable by the municipality, due to the municipality defaulting on the July 2024 winter bill. The budget will be corrected during the Adjustments budget.
- ❖ Expenditure on Contracted services is showing an unsatisfactory variance of 22.2%. As a result of increased legal fees incurred and erroneous allocation under Contr: Prepaid Electricity Vendors which will be journalised and addressed during the Adjustment budget.
- ❖ Transfers and subsidies showing negative variance of minus 41.1%. Due to cash constraints the municipality will be paying the allocation of R2,500 million, due to the SPCA over four instalments, as and when sufficient cash is available. The first two instalment of R625 thousand was settled with SPCA.

- ❖ Operational cost is showing an unsatisfactory variance of 14.1% as a result of the following line items under Operational Cost (OC)
 - The municipality is offering a 10% discount on the early settlement of a consumer's municipal bill. This discount is reflected as an expense under OC: Cash Discount of R23,982 million with a zero budget, but these costs will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The pro-rata split is done manually between Property rates and service charges, excluding Electricity Revenue because the system cannot handle the automated split per Revenue source.
 - The YTD actual on OC: Professional Bodies M/Ship & Subs is R8,789 for predominantly annual SALGA membership fees. Partial payments have been made to SALGA amounting to R5,708 million, against a total invoice amount of R8,782 million.
- ❖ Other Losses is showing a satisfactory variance of 0.3%. Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water: Input Vol: Bulk Purchases and the actual costs incurred is then split between Water inventory and Water losses and journalised from the Balance sheet to the Income Statement A corrective journal for the actuals, for December 2024 and January 2025 for the recognition of Water inventory and losses must still be processed on the system. The billing for bulk water is spread over 9 months of the year from July to end of March of each year. The servitude (free water) allocation commences on the 1 of April of each year. The actual extraction volumes are higher than anticipated.

Operating Expenditure by Type: Comparison against Original Budget

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of December 2024 is 58.3%. The total operational expenditure against the Original budget is 54.1% spent, resulting in a satisfactory variance of minus 4.2%.

- ❖ Employee related costs show a satisfactory variance of minus 6.4%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 2.5%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of minus 3.7%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 2.4%. Same factors are applicable as explained above.
- ❖ Debt impairment is showing an unsatisfactory variance of minus 8.3%. Same factors are applicable as explained above.
- ❖ Depreciation is showing an unsatisfactory variance of minus 8.3%. Same factors are applicable as explained above.
- ❖ Interest is showing a satisfactory variance of minus 6.7%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is unsatisfactory at 13%, when compared to the Original budget. Same factors are applicable as explained above.
- ❖ Transfers and subsidies show an unsatisfactory variance of minus 23.9%. Same factors are applicable as explained above.
- ❖ Operational cost is showing an unsatisfactory variance of 8.2%. Same factors are applicable as explained above.
- ❖ Other Losses is showing a satisfactory variance of 0.2%. Same factors are applicable as explained above.

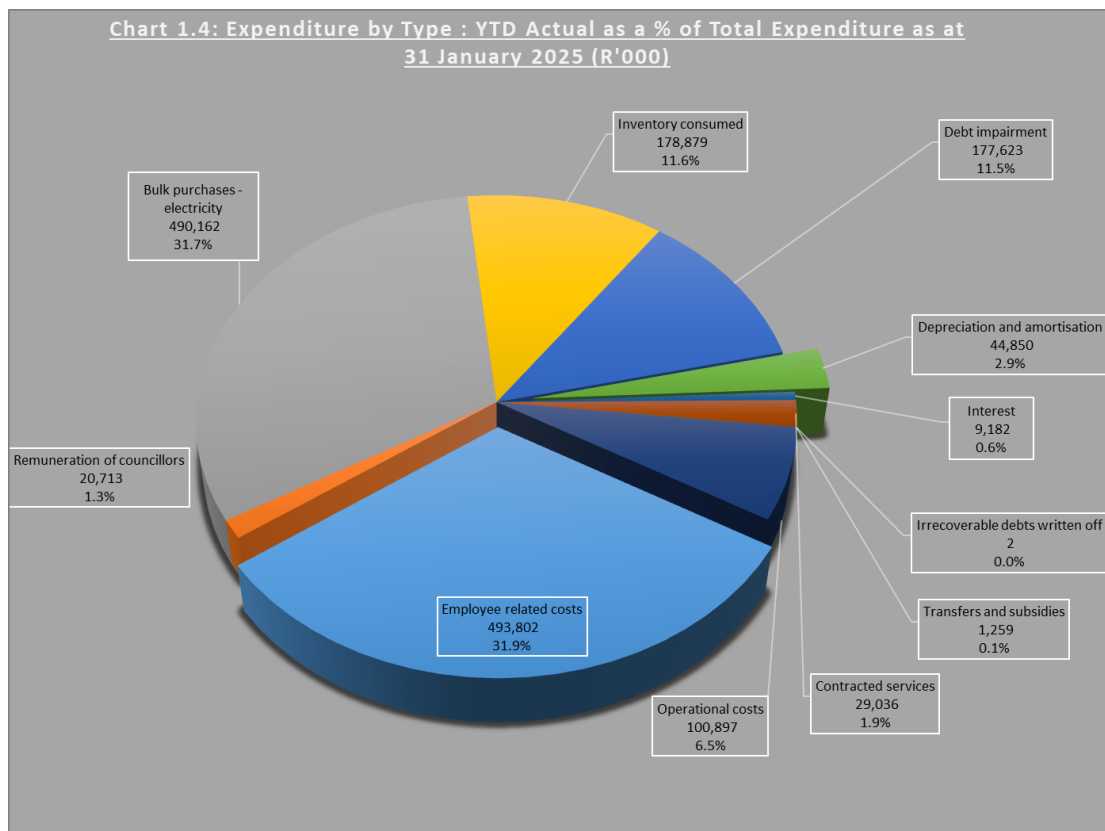


Chart 1.4: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 1.2 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 January 2025. The main cost drivers of the municipality are Employee Related Costs (31.9%), Bulk Purchases – Electricity (31.7%), Debt Impairment (11.5%) and Inventory consumed (11.6%).

It should be noted that the weighting per Expenditure type is distorted as a result of the following:

- ❖ Employee costs, the Post-retirement benefit obligations will be finalized as part of the year-end procedures.
- ❖ Depreciation will be provided for on a quarterly basis. The journal for the third quarter will be processed before 31 March 2025.
- ❖ Bulk purchases electricity, the January 2025 Eskom account will be authorised on the system during February 2025.
- ❖ Debt impairment is provided for on a quarterly. The journal for the third quarter will be processed before 31 March 2025.
- ❖ Interest on the long-term borrowing is paid bi-annually in December and June of each year.

Bulk Purchases: Electricity, Water inventory and Water losses

- ❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 58.33% as at end of January 2025, Bulk Purchases Electricity is showing a satisfactory variance minus of 3.71%. This is a result of the balance on the November 2024 account being authorised on the system during January 2025. Payments to the value of R70,129 including VAT, were made on the December 2024 account. The account for January 2025 will be captured and authorised in February 2025.

				% Spent Adjustments Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Description	Adjustments Budget	Monthly Actual	YTD Actual		
BULK PURCHASES: ELECTRICITY	897,300,000	102,100,976	490,162,098	54.63%	-3.71%
Total	897,300,000	102,100,976	490,162,098	54.63%	-3.71%

Table 5.1: Summary of YTD Bulk Electricity expenditure

- ❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing a variance of 9.8%, when compared to the ideal percentage of 58.33%. The invoice for January 2025 must still be captured on the system. During the Original budget for 2021/22 and advised by NT, Bulk purchases Water was split between Water Inventory and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal for the actuals, for December 2024 and January 2025 for the recognition of Water inventory and losses must still be processed on the system which will be done during February 2025. The variance is attributed to the interface of water consumption (transacted against Water Inventory) from the billing module. This overstatement will be corrected with the journal for the month of December 2024 and January 2025. The billing for bulk water is spread over 9 months of the year from July to end of March of each year. The servitude (free water) allocation commences on the 1 of April of each year. The actual extraction volumes are higher than anticipated.

				% Spent Adjustments Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Description	Adjustments Budget	Monthly Actual	YTD Actual		
INVENTORY - WATER	65,000,000	5,773,798	50,729,471	78.05%	19.71%
NON-REVENUE WATER LOSSES	65,000,000	-	37,902,454	58.31%	-0.02%
Total	130,000,000	5,773,798	88,631,925	68.2%	9.8%

Table 5.2: Summary of YTD Bulk Water expenditure

Outstanding debt: ESKOM

ESKOM - Outstanding debt (R'000)	Sum of Invoice amount	Sum of Bulk Payments (2023/24 & 2024/25)	Sum of Interest written-off	Sum of Outstanding Balance	Sum of Arrear Debt	Sum of Interest Charges 2024/25
2021/22	523,811	-		523,811	523,811	-
Oct-21	51,028	-		51,028	51,028	-
Nov-21	50,813	-		50,813	50,813	-
Dec-21	51,379	-		51,379	51,379	-
Jan-22	53,401	-		53,401	53,401	-
Feb-22	51,445	-		51,445	51,445	-
Mar-22	54,652	-		54,652	54,652	-
Apr-22	51,835	-		51,835	51,835	-
May-22	57,826	-		57,826	57,826	-
Jun-22	101,431	-		101,431	101,431	-
2022/23	389,602	103,242	(37,482)	248,878	248,878	-
Dec-22	48,088	-		48,088	48,088	-
Jan-23	59,491	-		59,491	59,491	-
Feb-23	56,821	-	(9,504)	47,317	47,317	-
Apr-23	45,106	-	(7,923)	37,183	37,183	-
May-23	65,831	-	(9,033)	56,798	56,798	-
Jun-23	114,264	103,242	(11,022)	-	-	-
2023/24	975,208	819,809	(69,632)	85,767	85,767	-
Jul-23	131,032	110,162	(8,736)	12,134	12,134	-
Aug-23	123,594	70,000	(10,784)	42,810	42,810	-
Sep-23	71,421	30,000	(10,598)	30,823	30,823	-
Oct-23	76,317	62,679	(13,638)	-	-	-
Nov-23	70,580	62,348	(8,232)	0	0	-
Dec-23	64,311	61,246	(3,065)	-	-	-
Jan-24	65,735	63,044	(2,691)	-	-	-
Feb-24	64,371	62,479	(1,893)	-	-	-
Mar-24	66,311	62,973	(3,338)	-	-	-
Apr-24	61,436	59,697	(1,739)	-	-	-
May-24	66,327	63,149	(3,178)	-	-	-
Jun-24	113,772	112,033	(1,739)	-	-	-
2024/25	638,093	455,268	-	182,825	107,094	10,712
Jul-24	148,333	148,059	-	274	274	274
Aug-24	127,601	72,000	-	55,601	55,601	155
Sep-24	71,087	69,338	-	1,749	1,749	1,749
Oct-24	73,508	70,742	-	2,766	2,766	2,766
Nov-24	69,974	25,000	-	44,974	44,974	2,160
Dec-24	71,859	70,129	-	1,730	1,730	1,730
Jan-25	75,732	-	-	75,732	-	1,879
Grand Total ESKOM	2,526,714	1,378,318	(107,114)	1,041,281	965,549	10,712

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R1,041,281 billion. It should be noted that R107,114 million interest charges were reversed, for interest charges from March 2023 to June 2024, as part of the municipal debt relief programme. This is a huge cost saving for the municipality and a substantial reduction in the municipality's Fruitless and Wasteful expenditure disclosure. The accounting treatment of this was done on the system until January 2024. Interest reversed on the Eskom invoice for October 2024, for the period February to June 2024 must still be effected on the system. The total arrear debt amounts to R965,549 million summarized as follow 2021/22 (R523,811m); 2022/23 (R248,878m); 2023/24 (R85,767m) and 2024/25 (R107,094m). The total interest charges on overdue accounts for the current financial year amounted to R10,712 million which must be disclosed as Fruitless and

Wasteful Expenditure for the year under review. Eskom confirmed that this interest will not be reversed as a result from the Municipality's default on the July 2024 winter bill. The budget on Interest on overdue accounts will be corrected during the Adjustments budget.

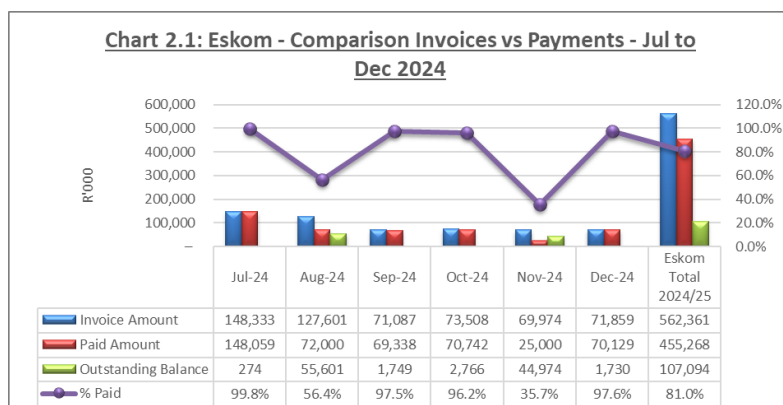


Chart 2.1: Eskom - Comparison Invoices vs Payments

Indicated in the adjacent Chart 2.1 is the comparison of Eskom invoices versus payments for the 2024/25 financial year, from July to December 2024. The current account for January 2025 is excluded because it is not yet due and payable. The YTD actual until December 2024 show that 81.0% of invoices were settled, based on invoices raised of R562,361 million versus payments of R455,268 million. It is only the interest charges that remain unpaid for the invoices for July, September, October and December 2024. The invoice for August 2024 is 56.4% and November 2024 is 35.7% paid. The total arrear outstanding balance amounts to R107,094 million.

Outstanding debt: DWS

DWs - Outstanding debt (R'00)	Sum of Invoice amount	Sum of Bulk Payments (2023/24 & 2024/25)	Sum of Outstanding Balance	Sum of Arrear Debt
2021/22	126,431	71,775	54,656	54,656
INTEREST (APR-JUN 2022)	6,191	—	6,191	6,191
Aug-21	15,075	15,075	—	—
Sep-21	15,795	15,795	—	—
Oct-21	15,275	15,275	—	—
Nov-21	14,523	14,523	—	—
Dec-21	11,108	11,108	—	—
Jan-22	17,098	—	17,098	17,098
Feb-22	16,437	—	16,437	16,437
Mar-22	14,930	—	14,930	14,930
2023/24	150,526	150,526	—	—
Jul-23	15,303	15,303	—	—
Aug-23	13,588	13,588	—	—
Sep-23	18,332	18,332	—	—
Oct-23	17,633	17,633	—	—
Nov-23	17,070	17,070	—	—
Dec-23	13,333	13,333	—	—
Jan-24	13,333	13,333	—	—
Feb-24	36,046	36,046	—	—
Mar-24	5,194	5,194	—	—
Jun-24	694	694	—	—
2024/25	124,479	53,394	71,085	50,689
Jul-24	17,724	17,724	—	—
Aug-24	16,698	16,698	—	—
Sep-24	18,973	18,973	—	—
Oct-24	17,504	—	17,504	17,504
Nov-24	17,504	—	17,504	17,504
Dec-24	15,681	—	15,681	15,681
Jan-25	20,396	—	20,396	—
Grand Total	401,437	275,695	125,741	105,345

Table 6.2: Summary of outstanding DWS debt

Indicated in Table 6.2 above, is the total outstanding debt owed to DWS which amounts to R125,741 million. The total debt must be concurred with the Department. The total arrear debt amounts to R105,345 million which pertains to outstanding invoices for 2021/22 (R54,656m) and 2024/25 (R50,689m). The balance for 2021/22 includes interest of R14,704 million which must still be written off by the Department, once all the arrear debt has been settled. All the invoices for the

2022/23 and the 2023/24 financial year, has been settled in full. For 2024/25 financial year the total debt outstanding is R71,085 million. The municipality defaulted on the October, November and December 2024 account and the current account for January 2025, is payable on or before 3 March 2025.

The municipality opted to partake in the Department's Debt Incentive Scheme which constitutes of the following conditions:

- Settling 10% of the arrear debt (municipality complied)
- Settling the current account each month (municipality complied since inception of Incentive scheme but has defaulted on some months. All invoices for 2022/23 and 2023/24 financial year have since been settled in full.
- Settling the monthly debt instalment (municipality complied but defaulted for current year from July to January 2025, due to insufficient cash available from operations. The other major reason why the municipality defaulted, was to prioritise the payment of outstanding invoices for 2023/24 financial year. This has yielded positive results because there are no outstanding invoices for 2023/24 financial year. For the 2023/24 financial year an average of R17m was paid to the Department. The municipality also managed to keep the 2024/25 account current but defaulted on the October, November and December 2024 invoice and incurred accumulative arrear debt for the current year of R50,689 million. A major cause of concern is the fact that the municipality is in arrears with R39,953 million on the debt repayment plan. This amount would have settled already, if the municipality kept up with the repayment instalments.
- Repayment of debt over 12 months (municipality requested 24-month repayment period, which was approved by the Department)
- Also included in the Incentive scheme, is the writing-off of all accrued interest and suppression of interest going forward, hence no interest was charged for the prior and current financial year. The repayment proposal was approved by the Department.

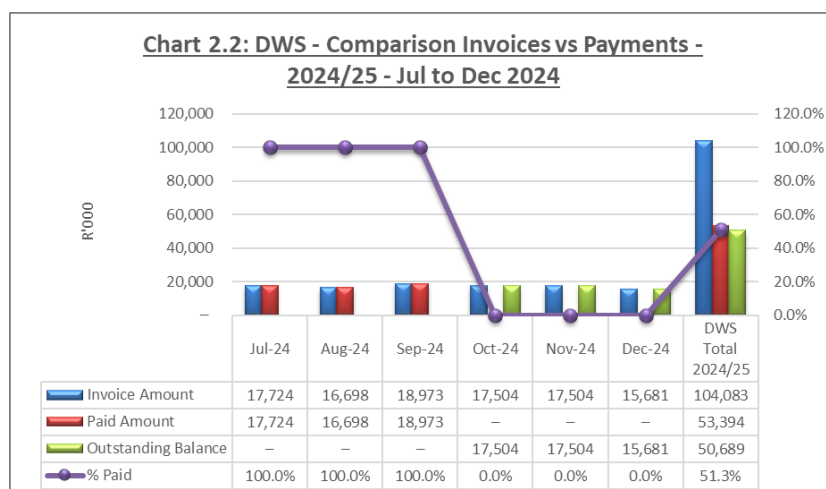


Chart 2.2: DWS - Comparison Invoices vs Payments

Indicated in the adjacent Chart 2.2 is the comparison of DWS invoices versus payments for the 2024/25 financial year from July to December 2024. The current account for January 2025 is excluded because it is not yet due and payable. The YTD actual until December 2024 show that 51.3% of invoices were settled, based on invoices raised of R104,083 million versus payments of R53,394 million. Invoices for July to September 2024 were settled in full, whilst the invoices for October to December 2024 remains unpaid. The total arrear outstanding balance amounts to R50,689 million.

Chart 2.3: Monthly Bulk Payments: DWS & ESKOM: 2023/24 and 2024/25

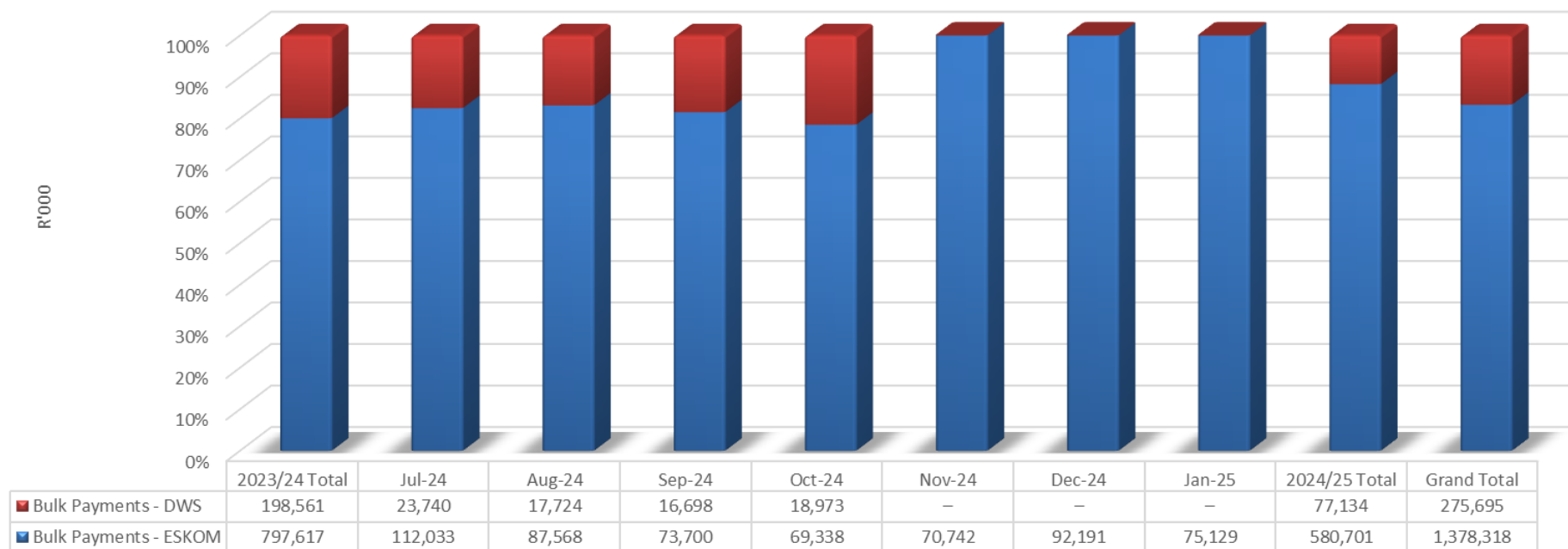


Chart 2.3: Monthly payments to DWS & ESKOM

Indicated in Chart 2.3 above, are the monthly payments made to DWS and ESKOM for 2023/24 and 2024/25 financial year as at 31 January 2025.

DWS The municipality had insufficient cash to settle the current account for December 2024 amounting to R15,681 million. Payments for 2023/24 amounts to R198,561 million, whilst payments for 2024/25 amounts to R77,134 million. The total payments amount to R275,695 million. The municipality has shown significant improvement over the last two financial years, with the average amount paid per month amounting to approximately R17 million for the 2023/24 financial year. The municipality ran into serious trouble for the 2024/25 financial year as three months are now outstanding. The debt agreement with DWS should have been paid up already but due to insufficient cash available this has not materialised.

ESKOM The municipality settled an amount of R30,000 million on 28 January 2025 and R40,129 million on 29 January 2025, on the current account for December 2024 amounting to R71,859 million. The amounts paid excludes interest charges of R1,730 million. The municipality had insufficient cash available from operations to settle the payment arrangement of R6,700 million. The total payments made for the 2023/24 financial year amounts to R797,617 million and for 2024/25 financial year the payments amount to R580,701 million, resulting in the total payments for both periods amounting to R1,378,318 billion. The municipality has been improving on payments made to Eskom from October 2023 account to June 2024. The high months remains a major concern. The municipality made partial payments on the July and August 2024 accounts and also partially settled the November account. The July 2024 account has been settled and only the interest remains outstanding. The municipality also made an additional payment of R5,000 on 24 January 2025, on the August 2024 account.

FIN YEAR PER PAYMENT DATE	AMOUNT IN R	FIN YEAR PER PAYMENT DATE	AMOUNT IN R
2023/24	R 797,617,409.52	2023/24	R 198,561,294.26
20230801	R 103,241,512.23	20230712	R 15,794,682.80
20230830	R 61,000,000.00	20230804	R 15,074,754.70
20230928	R 35,000,000.00	20230914	R 6,000,000.00
20230929	R 35,000,000.00	20231003	R 13,588,064.81
20231031	R 30,000,000.00	20231018	R 6,000,000.00
20231130	R 62,678,528.38	20231106	R 6,275,086.61
20231220	R 2,262,000.00	20231114	R 18,331,770.78
20231228	R 62,347,938.72	20231208	R 6,000,000.00
20240130	R 48,000,000.00	20231212	R 17,633,270.36
20240209	R 13,246,492.61	20240105	R 5,522,530.48
20240219	R 6,700,000.00	20240130	R 13,332,894.88
20240228	R 45,000,000.00	20240212	R 6,000,000.00
20240304	R 18,043,546.82	20240301	R 13,332,894.88
20240319	R 6,700,000.00	20240412	R 21,303,350.74
20240328	R 62,478,598.42	20240429	R 5,194,304.19
20240426	R 62,972,969.32	20240514	R 11,069,915.81
20240524	R 13,400,000.00	20240626	R 18,107,773.22
20240528	R 59,696,947.69	2024/25	R 77,134,049.64
20240621	R 6,700,000.00	20240717	R 23,739,570.29
20240625	R 63,148,875.33	20240830	R 17,723,612.70
2024/25	R 580,700,993.43	20240930	R 16,698,048.53
20240730	R 112,033,130.69	20241031	R 18,972,818.12
20240828	R 32,868,260.60	Grand Total DWS	R 275,695,343.90
20240829	R 54,700,000.00		
20240930	R 73,700,000.00		
20241030	R 69,337,712.24		
20241128	R 40,741,905.79		
20241129	R 30,000,000.00		
20241211	R 67,190,839.43		
20241230	R 25,000,000.00		
20250124	R 5,000,000.00		
20250128	R 30,000,000.00		
20250129	R 40,129,144.68		
Grand Total ESKOM	R 1,378,318,402.95		

Table 6.3: Summary of payments per payment date

Indicated in tables 6.3 above, are the payments to ESKOM and DWS per financial year and per payment date, which corresponds to Chart 2.1 above, which is disclosed per month.

Chart 2.4: Monthly & YTD comparison of Bulk Electricity and Water debt - Jun 2024 to Jan 2025

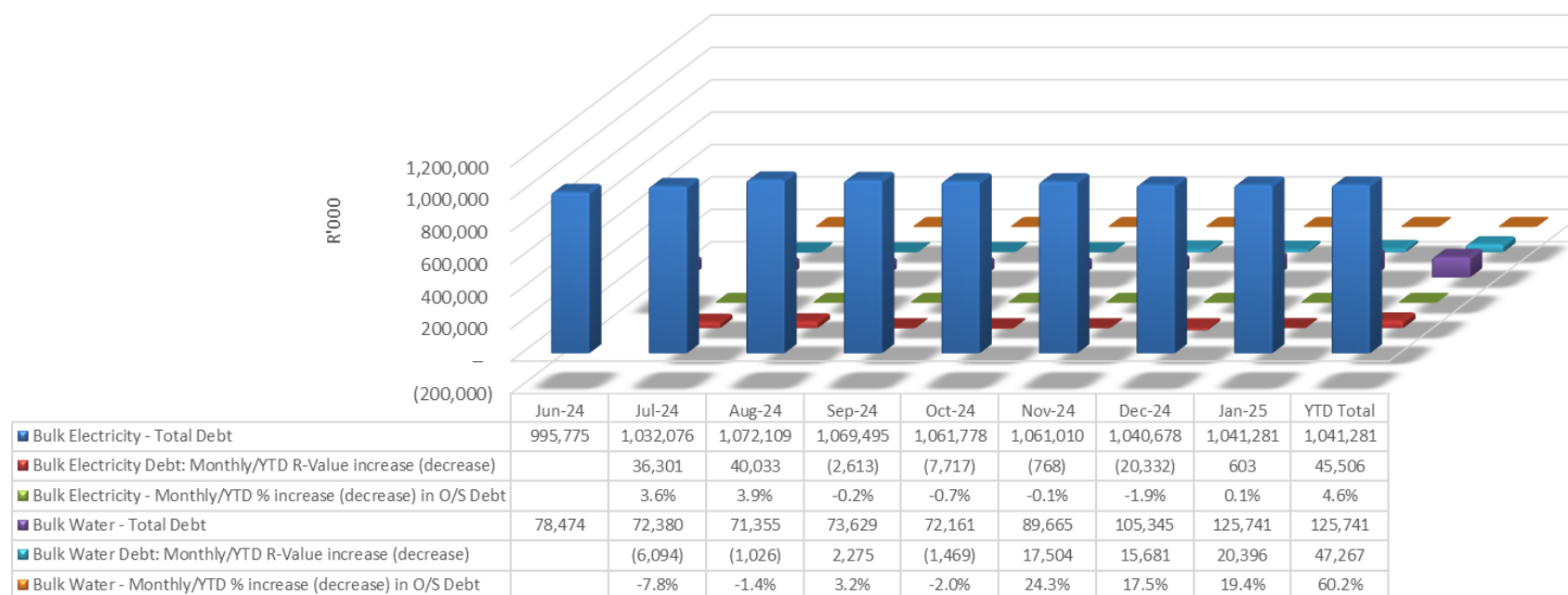


Chart 2.4: Monthly & YTD comparison – Bulk Electricity & Water debt

Indicated in Chart 2.4 above, is the monthly and YTD comparison of Bulk electricity and Water debt.

ESKOM - From December 2024 to January 2025, debt owed to ESKOM increased by R603 thousand or 0.1%, from R1,040,678 billion to R1,041,281 billion. When comparing the total outstanding debt to June 2024, the outstanding debt increased by R45,506 million or 4.6%, from R995,775 million to R1,041,281 billion.

DWS - From December 2024 to January 2025, debt owed to DWS increased by R20,396 million or 19.4%, from R105,345 million to R125,741 million. When comparing the total outstanding debt to June 2024, the outstanding debt increased by R47,267 million or 60.2% from R78,474 million to R125,741 million. The municipality has made significant strides in reducing the debt owed to DWS and managed to reduce the total debt by R71,775 million for the 2023/24 financial year. The positive trajectory is not transpiring for the current year, although the municipality started the financial year well, with the July to September 2024 accounts being settled in full, the municipality defaulted on the October, November and December 2024 accounts which remains unpaid. Serious remedial action will have to be taken by management to ratify this grave situation.

Indicated in the tables below is a reconciliation of the Eskom payment arrangement and DWS debt agreement.

ESKOM Amount subject to Payment arrangement Instalment of R6,700 million							R 163,062,000		
Period	Settlement Date	ELE No	Payment date	Invoice no	Monthly Instalment / Amount paid	Accumulative Payments	Outstanding Balance	% Paid	Arrear Monthly Instalments
	2024/01/02	77064505	2023/12/20	544917625256 - Jul 2023	R 2,262,000.00	R 2,262,000.00	R 160,800,000.00	1.39%	
1	2024/02/15	77065112	2024/02/20	544917625256 - Jul 2023	R 6,700,000.00	R 8,962,000.00	R 154,100,000.00	5.50%	
2	2024/03/15	77065709	2024/03/19	544917625256 - Jul 2023	R 6,700,000.00	R 15,662,000.00	R 147,400,000.00	9.60%	
3	2024/04/15						R 163,062,000.00	0.00%	
4	2024/05/15	77066657	2024/05/24	544917625256 - Jul 2023	R 13,400,000.00	R 29,062,000.00	R 134,000,000.00	17.82%	
5	2024/06/15	77067062	2024/06/21	544917625256 - Jul 2023	R 6,700,000.00	R 35,762,000.00	R 127,300,000.00	21.93%	
6	2024/07/31						R 163,062,000.00	0.00%	R 6,700,000.00
7	2024/08/31	77068429	2024/08/29	544917625256 - Jul 2023	R 6,700,000.00	R 42,462,000.00	R 120,600,000.00	26.04%	
8	2024/09/30	77068766	2024/09/30	544917625256 - Jul 2023	R 6,700,000.00	R 49,162,000.00	R 113,900,000.00	30.15%	
9	2024/10/31							0.00%	R 6,700,000.00
10	2024/11/30							0.00%	R 6,700,000.00
11	2024/12/31							0.00%	R 6,700,000.00
12	2025/01/31							0.00%	R 6,700,000.00
TOTAL					R 49,162,000.00		R 113,900,000.00		R 33,500,000.00

As articulated in adjacent Table 6.4, the total amount that was subject to the payment arrangement was R163,062 million for the debt that accrued after March 2023. To date the municipality settled an amount of R49,162 million on the payment arrangement, resulting in the total current balance outstanding of R113,900 million. The municipality is in arrears with five instalments amounting to R33,500 million.

Table 6.4: Reconciliation Eskom Payment Arrangement

Debt agreement (Instalment R5,957,537.18)	Invoice amount	Arrear Debt	10 %Down Payment	Amount paid	Balance O/S on Debt Agreement
INTEREST CHARGES - APR TO JUN 2022	R 6,191,399.16	R 6,191,399.16			R 6,191,399.16
AUG 2021 BULK ACCOUNT	R 15,074,754.70	R 15,074,754.70		R 15,074,754.70	-
SEP 2021 BULK ACCOUNT	R 15,794,682.80	R 15,794,682.80		R 15,794,682.80	-
OCT 2021 BULK ACCOUNT	R 15,275,086.61	R 15,275,086.61		R 15,275,086.61	R -
NOV 2021 BULK ACCOUNT	R 14,522,530.48	R 14,522,530.48		R 14,522,530.48	R -
DEC 2021 BULK ACCOUNT	R 11,107,773.22	R 11,107,773.22		R 11,107,773.22	R -
JAN 2022 BULK ACCOUNT	R 17,098,078.18	R 17,098,078.18		R -	R 17,098,078.18
FEB 2022 BULK ACCOUNT	R 16,436,776.66	R 16,436,776.66		R -	R 16,436,776.66
MAR 2022 BULK ACCOUNT	R 14,930,212.48	R 14,930,212.48		R -	R 14,930,212.48
JUL 2022 BULK ACCOUNT	R 13,793,141.72	R 13,793,141.72		R 13,793,141.72	-
AUG 2022 BULK ACCOUNT	R 17,460,136.80	R 17,460,136.80		R 17,460,136.80	-
SEP 2022 BULK ACCOUNT	R 16,309,287.82		16,309,287.82	R 16,309,287.82	-
WRM LEVIES SEP 2022	R 82,471.24		82,471.24	R 82,471.24	-
Total Debt as per SPM	R 174,076,331.87	R 157,684,572.81	R 16,391,759.06	R 119,419,865.39	R 54,656,466.48
INTEREST CHARGES - APR TO JUN 2022	-R 6,191,399.16				-R 6,191,399.16
INTEREST PAID	-R 8,512,281.30				-R 8,512,281.30
TOTAL INTEREST CHARGES	-R 14,703,680.46				-R 14,703,680.46
NET OUTSTANDING	R 159,372,651.41			R 119,419,865.39	R 39,952,786.02

As articulated in the adjacent Table 6.5, the total debt amounted to R174,076 million, whilst the municipality settled an amount of R119,420 million resulting in an outstanding balance of R54,656 million. An amount of R14,704 million for interest incurred must still be written-off, resulting in a net outstanding balance of R39,953 million on the payment arrangement, which should have been settled in full already, if the municipality did not default on any payments.

Table 6.5: Reconciliation DWS Debt Agreement

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - M07 January

Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Budget Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	613,729	6,549	235,239	358,009	65.71%	(122,770)	-34.3%	38.3%	(122,770)	-20.0%
Funded by										
Capital transfers recognised	572,229	4,628	228,309	333,800	68.40%	(105,492)	-31.6%	39.9%	(105,491)	-18.4%
Internally generated funds	41,500	1,921	6,930	24,208	28.6%	(17,279)	-71.4%	16.7%	(17,279)	-41.6%
Weighting Capital transfer recognised	93.2%	70.7%	97.1%	93.2%						
Weighting Internally generated funds	6.8%	29.3%	2.9%	6.8%						

Table 7: High level summary: Capital Expenditure

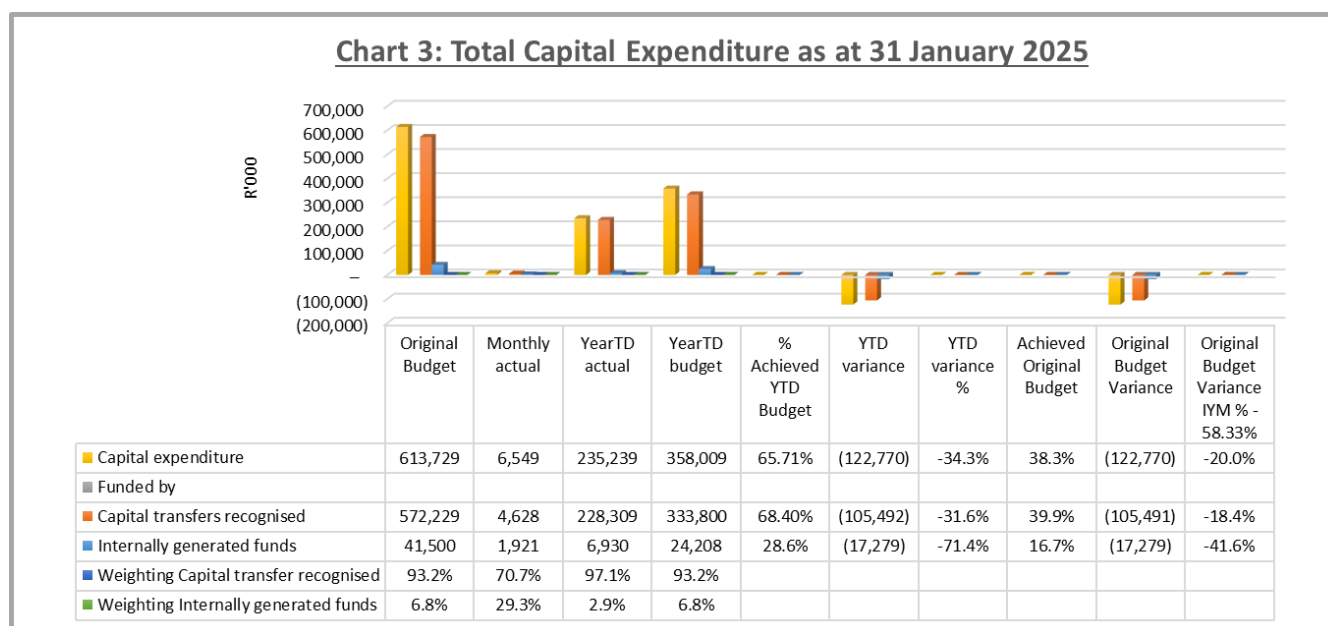


Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of January 2025 amounted to R235,239 million and 65.71% spent when compared to the YTD budget of R358,009 million and 38.3% spent when compared to the Original Budget of R613,729 million. The total YTD capex is funded from Capital grants R228,309 million (97.1%) and Internally generated funds R6,930 million (2.9%). Capex is extremely low and major intervention is required for the financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

The majority of capital projects are based on a functionality criteria. Bidders either do not meet the functionality criteria or submit incomplete tender documents resulting in bidders being non-responsive. And due to the non-responsiveness of bidders, these bids unfortunately have to be re-advertised. The municipality has been implementing more compulsory site meetings to sensitise service providers on the compliance issues pertaining to bid documents. Secondly, project managers need to realistically anticipate challenges and immediately address delays in order to ensure that projects are completed within the specified timeframe. Contract management also needs to be monitored more closely, placing emphasis on the performance of appointed service providers and addressing issues of non-performance immediately. The Project Management Unit (PMU) is not adequately staffed, resulting in a lack of qualified permanently appointed project managers. Lastly, it is advised that disputes, if any are addressed and resolved expeditiously. The capital expenditure is slow and overall capital expenditure remains a major concern. Remedial action will have to be taken going forward to ensure improvement on capex. It should be noted that capital expenditure excludes VAT and commitments. The capital expenditure report shown in Annexure A, Table C5 has been prepared on the prescribed monthly C-schedule, and is categorised by municipal vote and functional classification.

4.4 Cash flows

Chart 4: Current investment deposits and Cash & cash equivalents at year-end

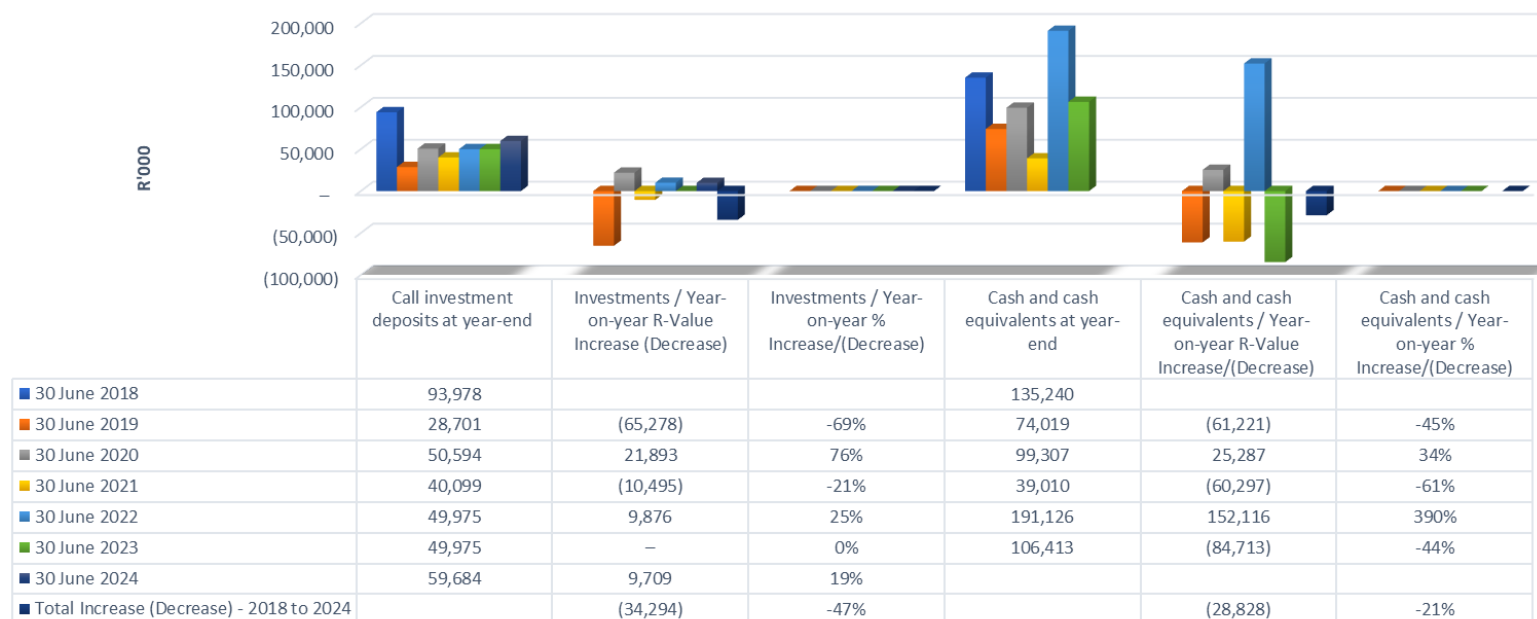


Chart 4: Call investment deposits and Cash & cash equivalents at year-end

Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by R9,876 million or 25% from 2021 to 2022. The total investment remained the same from 2022 to 2023 and increased by R9,709 million or 19% from 2023 to 2024. From 2018 to 2024, the total investments decreased by R34,294 million or 47%. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 August 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

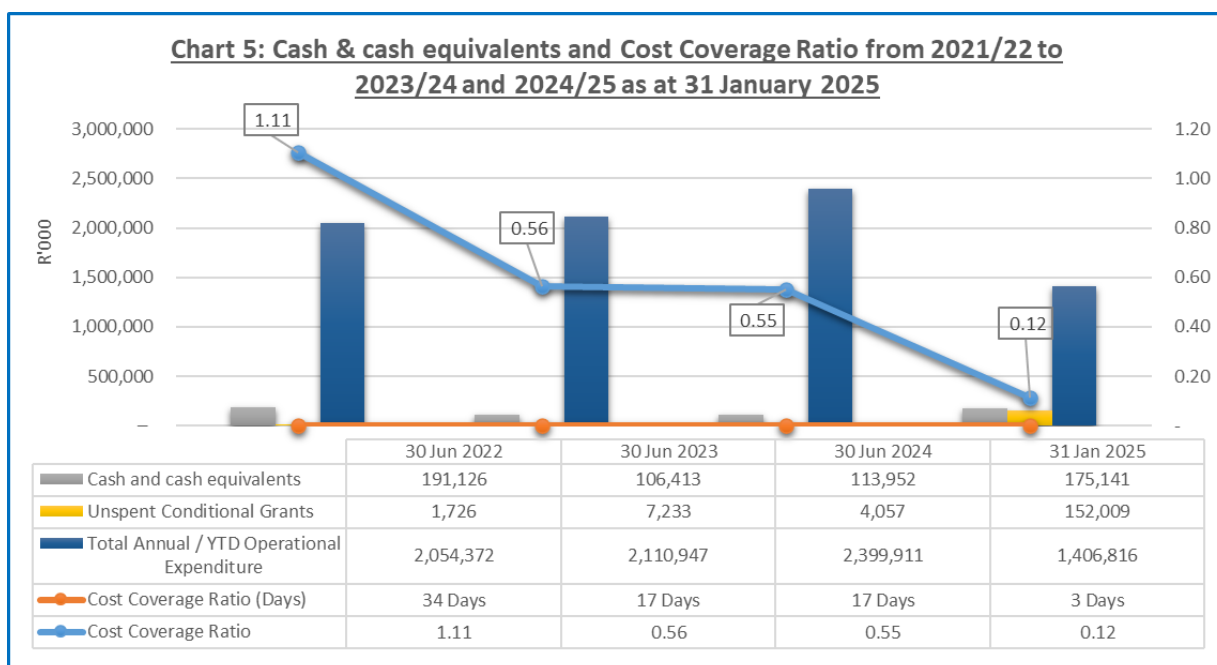


Chart 5: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 5 above, is the Cost coverage ratio, number of days coverage and the Cash and cash equivalents for the period. The required NT norm is 3 months Cost coverage. The audited outcome for the year ended 30 June 2022 is (1.11; 34 days; R191,126m). There was a substantial decline for the year ended 30 June 2023 (0.56; 17 days; R106,413m). The audited outcome for the year ended 30 June 2024 is (0.55; 17 days; R113,952m). The Cost coverage ratio as at 31 January 2025 is calculated at (0.12; 3 days; R175,141m). The cash and cash equivalents increased as a result of receipts on conditional grants that was invested, and which were unspent as at the reporting period. Unspent conditional grants amounted to R152,009 million, which is netted off against the Cash and cash equivalents, resulting in the critically low-Cost coverage of three days and immediate action will have to be taken to ratify the situation.

Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality's ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality's relationship with its service providers and further tarnishing the municipality's reputation. This is also evident by the escalation in debt owed to ESKOM and DWS over the last few years. However, as a result of the debt agreement with DWS and the Incentive initiated by the Department, the municipality has made significant strides in reducing the arrear debt and managed to settle all invoices for the 2022/23 and 2023/24 financial year in full. This has deteriorated for the current year as three month's bills are now due to DWS. The municipality also fared well whilst on the debt relief programme in complying to the settlement of the current Eskom account and ran into trouble with the settling of the accounts for the high winter months. This is further exacerbated by the fact that the actual receipts for the high months are far below the actual bill.

The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt and improve the collection rate. Therefore, the municipality must apply the Credit Control Policy diligently, consistently and fairly to ensure the credibility of the municipality. During the 2022/23 Mid-year engagement, National Treasury recommended that the Credit Control and Debt Collection Policy must be 100% applied. Generally, the payment culture of all consumers and stakeholders must improve. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

5. In-year budget statement tables

The financial results for the period under review is included in Annexure A, consisting of the following C-schedule tables.

- (a) Table C1: Summary
- (b) Table C2: Financial Performance (Functional Classification)
- (c) Table C3: Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Financial Performance (Revenue and Expenditure)
- (e) Table C5: Capital Expenditure by vote, functional classification and funding
- (f) Table C6: Statement of Financial Position
- (g) Table C7: Cash Flow

PART 2: SUPPORTING DOCUMENTATION

6. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2024/25										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	43,376	27,772	25,286	25,409	16,011	18,585	75,283	562,474	794,196	697,762	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	53,380	21,947	16,690	13,990	15,395	12,081	32,657	168,685	334,825	242,808	-	-
Receivables from Non-ex change Transactions - Property Rates	1400	40,039	17,932	15,108	13,891	13,795	12,600	132,597	652,170	898,131	825,052	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	10,119	7,164	6,594	6,085	5,871	5,942	28,801	211,268	281,844	257,967	-	-
Receivables from Exchange Transactions - Waste Management	1600	8,136	5,427	4,921	4,529	4,342	4,378	21,917	163,887	217,536	199,053	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,936	1,921	2,587	1,757	1,785	1,788	10,985	73,986	96,745	90,301	-	-
Interest on Arrear Debtor Accounts	1810	21,832	22,606	21,132	21,024	20,965	19,692	111,032	790,635	1,028,920	963,349	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-
Other	1900	5,157	14,799	15,449	7,179	7,098	8,396	71,492	274,587	404,156	368,751	-	-
Total By Income Source	2000	183,975	119,568	107,767	93,863	85,262	83,462	484,765	2,897,692	4,056,353	3,645,043	-	-
2023/24 - totals only		#####	#####	#####	94554111	86674198	71249837	#####	#####	3,740,293	3,368,049	0	0
Debtors Age Analysis By Customer Group													
Organs of State	2200	23,263	20,656	14,042	10,661	10,035	7,595	103,175	634,027	823,455	765,494	-	-
Commercial	2300	66,281	30,141	22,829	19,381	19,900	17,717	72,993	440,581	689,823	570,573	-	-
Households	2400	91,822	64,934	68,873	61,852	53,569	56,333	298,084	1,723,918	2,419,384	2,193,756	-	-
Other	2500	2,609	3,838	2,023	1,968	1,757	1,816	10,512	99,166	123,690	115,220	-	-
Total By Customer Group	2600	183,975	119,568	107,767	93,863	85,262	83,462	484,765	2,897,692	4,056,353	3,645,043	-	-

Table 8.1: Supporting Table SC3: Aged Debtors

Part 4: Debtor Age Analysis										
	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R thousands	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	43,376	5.5%	27,772	3.5%	25,286	3.2%	697,762	87.9%	794,196	19.6%
Trade and Other Receivables from Exchange Transactions - Electricity	53,380	15.9%	21,947	6.6%	16,690	5.0%	242,808	72.5%	334,825	8.3%
Receivables from Non-exchange Transactions - Property Rates	40,039	4.5%	17,932	2.0%	15,108	1.7%	825,052	91.9%	898,131	22.1%
Receivables from Exchange Transactions - Waste Water Management	10,119	3.6%	7,164	2.5%	6,594	2.3%	257,967	91.5%	281,844	6.9%
Receivables from Exchange Transactions - Waste Management	8,136	3.7%	5,427	2.5%	4,921	2.3%	199,053	91.5%	217,536	5.4%
Receivables from Exchange Transactions - Property Rental Debtors	1,936	2.0%	1,921	2.0%	2,587	2.7%	90,301	93.3%	96,745	2.4%
Interest on Arrear Debtor Accounts	21,832	2.1%	22,606	2.2%	21,132	2.1%	963,349	93.6%	1,028,920	25.4%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
Other	5,157	1.3%	14,799	3.7%	15,449	3.8%	368,751	91.2%	404,156	10.0%
Total By Income Source	183,975	4.5%	119,568	2.9%	107,767	2.7%	3,645,043	89.9%	4,056,353	100.0%
Debtors Age Analysis By Customer Group										
Organs of State	23,263	2.8%	20,656	2.5%	14,042	1.7%	765,494	93.0%	823,455	20.3%
Commercial	66,281	9.6%	30,141	4.4%	22,829	3.3%	570,573	82.7%	689,823	17.0%
Households	91,822	3.8%	64,934	2.7%	68,873	2.8%	2,193,756	90.7%	2,419,384	59.6%
Other	2,609	2.1%	3,838	3.1%	2,023	1.6%	115,220	93.2%	123,690	3.0%
Total By Customer Group	183,975	4.5%	119,568	2.9%	107,767	2.7%	3,645,043	89.9%	4,056,353	100.0%

Table 8.2: Part 4: Debtors Age Analysis

Chart 6.1: Debtor's Age Analysis by Income Source as at 31 January 2025

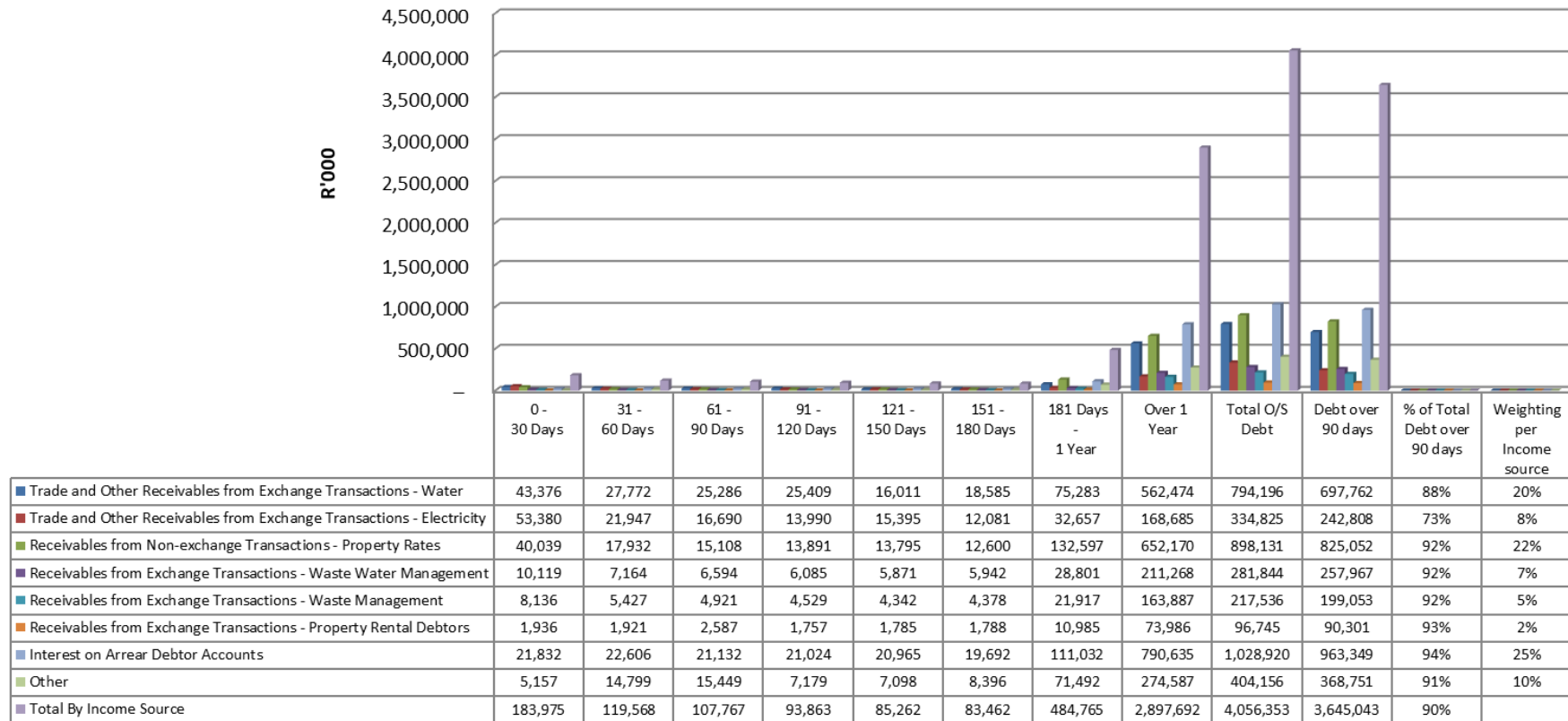


Chart 6.1: Debtor's age analysis by Income Source

Indicated in Table 8.1 to 8.2 and Chart 6.1 above is the total outstanding debt by Income Source, including the debt over 90 days, the percentage of total Debt over 90 days and percentage weighting. The total O/S Debt amounts to R4,056,353 billion as at the end of January 2025 and the bulk of SPM's debt is aged over 90 days with an overall weighting of 90%.

The highest percentage weighting of debt owed by Income Source, over 90 days is attributable to:

- ❖ Interest on Arrear Debtor Accounts at 94%
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 93%
- ❖ Receivables from Exchange Transactions – Property Rates (92%) Waste Water Management (92%) and Waste Management at 92%.

The highest percentage weighting of debt owed by Income Source is attributable to:

- ❖ Receivables from Non-exchange Transactions - Property Rates at 22%
- ❖ Interest on Arrear Debtor Accounts 25%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 20%

Chart 6.2: Debtor's Age Analysis by Customer Group as at 31 January 2025

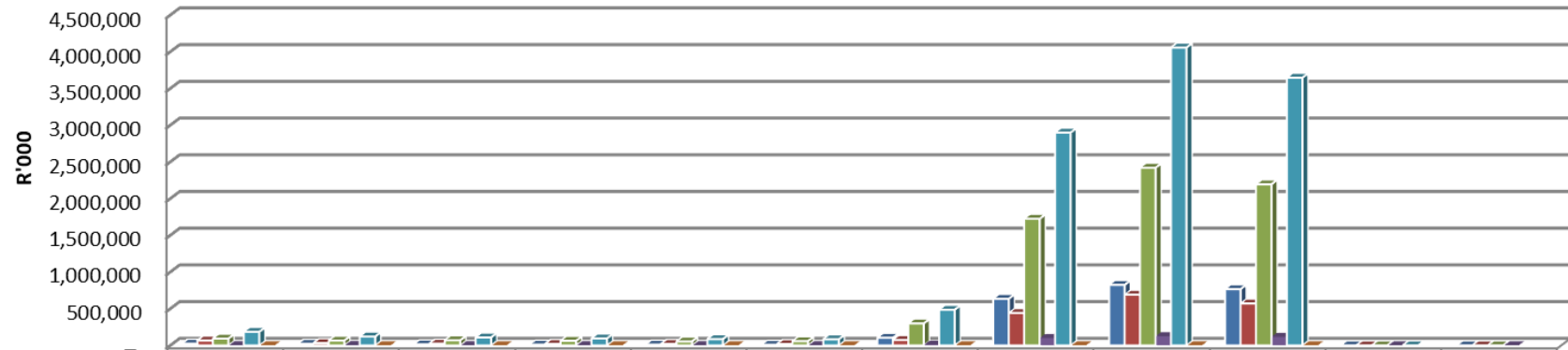


Chart 6.2: Debtor's age analysis by Customer Group

Indicated in Table 8.1 to 8.2 and Chart 6.2 above is the total outstanding debt by Customer Group, including the debt over 90 days, the percentage of total Debt over 90 days and percentage weighting.

The percentage weighting of debt owed by Customer Group, over 90 days is:

- ❖ Organs of State at 93%; Commercial at 83%; Households at 91% and Other at 93%.

The percentage weighting of debt owed by Customer Group is attributable to:

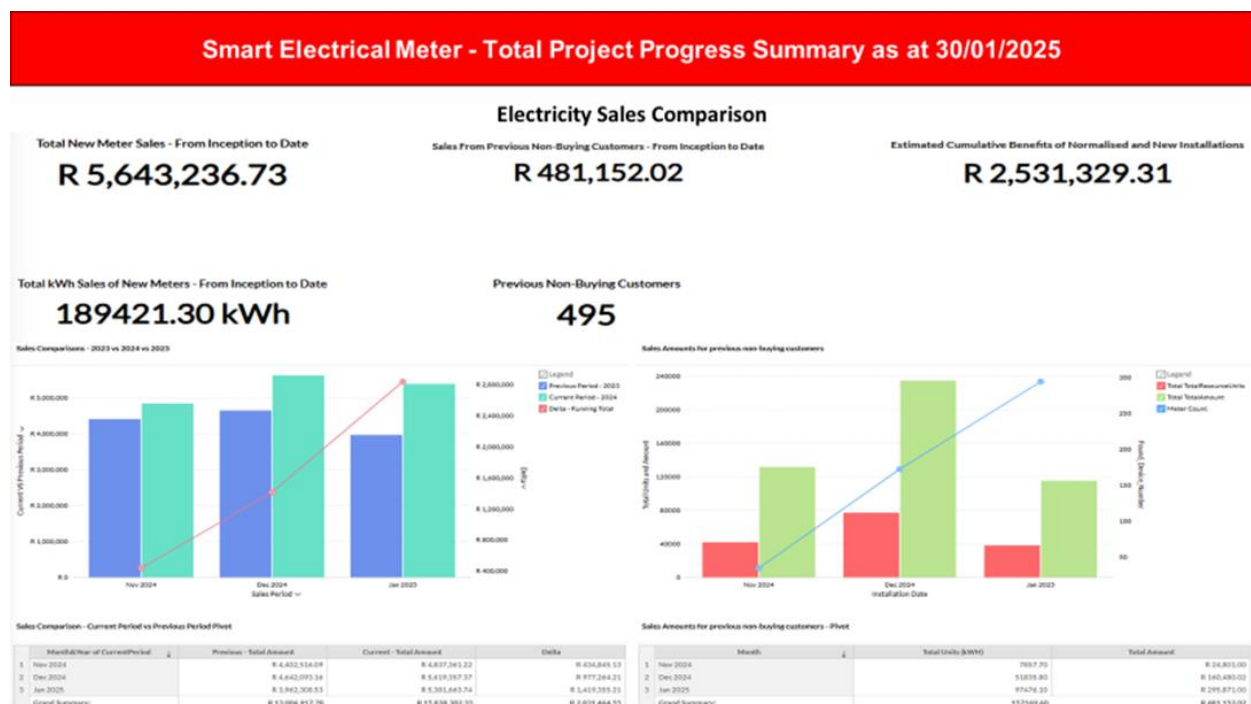
- ❖ Organs of state at 20%, total debt outstanding is R823,455 million
- ❖ Businesses at 17%, total debt outstanding is R689,823 million
- ❖ Households at 60%, total debt outstanding is R2,419,384 billion
- ❖ Other at 3%, total debt outstanding is R123,690 million.

An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. There is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off. We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts.

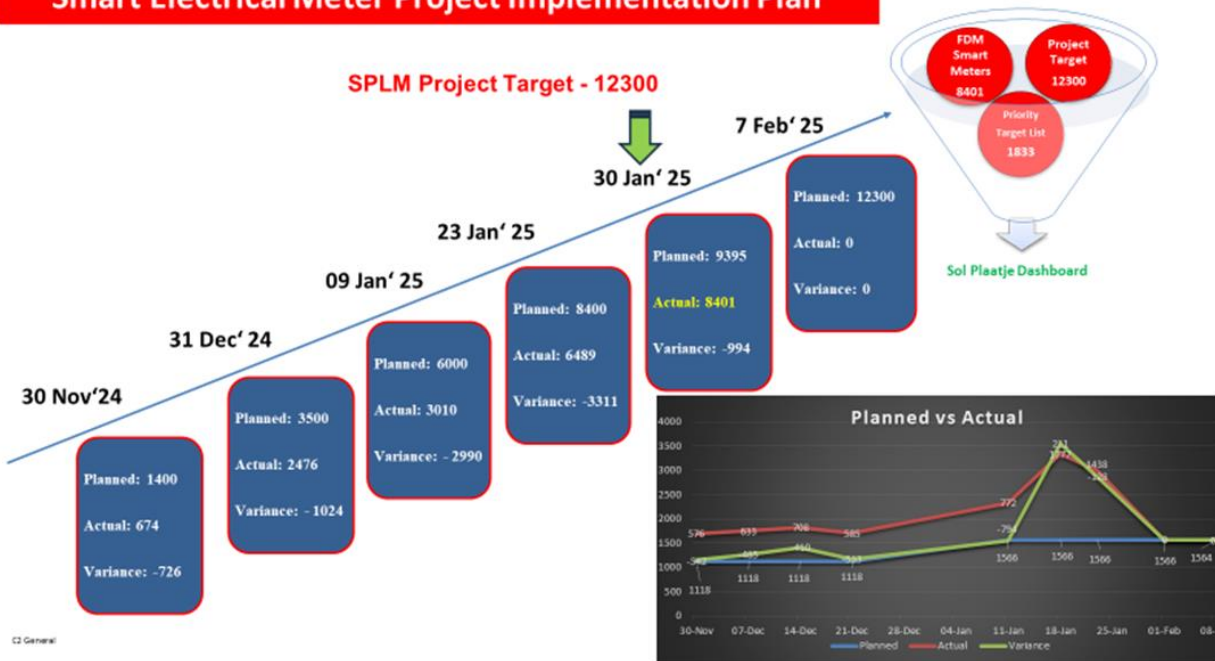
We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The payment culture of consumers needs to improve across all areas. Articulated in the paragraph below under "Revenue Management" is a detailed plan with interventions and improvements.

Revenue Management: Activities for the month of January 2025

We are making great progress with the smart meter project. The objective of this project is to improve the revenue generated by the Municipality through accurate metering, billing and reducing the number of tampered meters. The below provides a summary of the project status, project impact and challenges.



Smart Electrical Meter Project Implementation Plan



Risks, Issues and Challenges

#	Challenges	Mitigations
1	Access Issues to Premises, Difficulty accessing customer premises due to locked gates, absence, or refusal	Schedule and confirm appointments, offer flexible scheduling, provide identification
2	Ramping-Up Installation teams to Meet Targets	Opening up other areas
3	Bypassed or tampered meters replaced totals = 215 Tackling bypasses in bulk might overwhelm teams and exacerbate pushback.	Phased installation during blanket approach per suburb.
4	Credit control measures, accounts/meters. Current remote blocking of accounts creating resistance. Some customers being told that they need to resolve with installers	Pause on credit control measures to improve the access to installers, once the suburb is completed, the municipality can then impose penalties.
5	Lack of account information for some meters.	These delays in field will be addresses upfront with an updated financial system list from the municipality. Although in some instances the meter will be loaded on prepaid system pending authorisation from municipality
6	Unclear boundaries for suburbs	Some households exist on suburb boundaries which is unclear for installers, causing confusion
7	Community / Municipality staff – Project Awareness	Some municipality employees requested confirmation regarding the validity of the smart meter programme, and they were not aware of the project. Municipality should communicate internally with their staff.

We confirm the appointment of the following Debt Collection Agencies:

NO#	NAME OF BIDDER	BID PRICE
1.	Upsurge Construction & Projects	10%
2.	Ntiyiso Consulting	10%
3.	New Integrated Credit Solutions	10%
4.	Alpha Collections	10%

The collection process will consist of a PRE-LEGAL, LEGAL and ADMINISTRATIVE process. The Municipality will identify accounts to be handed over to the appointed Collection agencies. Formal instructions will be given to the appointed Collection agencies to collect monies owed to the Municipality.

PRE-LEGAL process will entail the following:

- Collection agencies are to make use of any legal tracing method or access any relevant external data source to obtain correct debtor details. Tracing shall be on a no trace no fee basis. These details are to be submitted to the Municipality in order to update the Municipality's records.
- The Collection agencies shall issue reasonable pro-active reminders including personal contact, demand for payment and opportunity for re-dress in respect of all accounts handed over for collection.
- The Collection agencies shall allow a sufficient time period for the account holder to respond to reminders and / or personal contact.
- The Collection agencies shall record actions taken on financial system (Solar) - subject to agreement with the Municipality on the access to Solar as per the Municipality's IT policies.

LEGAL PROCESS will entail the following:

- The Collection agencies shall, in the absence of sufficient response and / or proactive actions from an account holder institute all necessary legal actions up to and including the granting of a warrant of execution.
- Issue Summons to defaulting account holders.
- Obtain Default Judgment against and black listing of defaulting account holders.
- Obtain emolument attachment and movable asset attachment order.
- Obtain Court order for attachment and sale in execution of immovable assets. Prior written approval to be obtained from the Accounting Officer and/or powers and duties delegated to Chief Financial Officer in respect of the following legal proceedings:
 - a. Blacklisting
 - b. Attachment of movable assets
 - c. Sale in execution of immovable assets
 - d. Defended matters

We had expected to have our full staff complement back in office this January 2025, however we sadly lost our Head of Credit Control Section (Mrs. Kim Ramzan). This has left a huge gap with regards to institutional knowledge and experience in the Section, as she worked for the Municipality for 27 years. We are currently doing staff training in order to close the huge gap left by Mr. Ramzan.

We have continued with the disconnection/blocking of electricity services of all Customer groups that are owing. On the 14th of January 2025 correspondence was sent to the office of the Director General, Northern Cape Provincial Government; whereby notice was given for the disconnection of services of **All Government Departments** that are owing the Municipality (including all properties with due and payable rates and taxes accounts). 14-Day Warning Notices (for the disconnection of electricity services) were delivered at the relevant properties and disconnections will proceed if there is no intervention from the Office of the Premier by 24 February 2024.

The receipts for Government Departments, Parastatals and schools were R41,380,847.98 for the month January 2025 as compared to the R 51 million received for the month of December 2024.

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

GOVERNMENT AND PARASTATALS DEBT	
DEPARTMENTS	RECEIPTS JANUARY 2025
NATIONAL PUBLIC WORKS	R8,135,986.50
PROVINCIAL PUBLIC WORKS	R24,698.98
DEPARTMENTS OF HEALTH	R17,315,634.73
SOCIAL DEVELOPMENT	R207,864.06
ECONOMIC DEV & TOURISM	R398,130.59
COGHSTA/ HOUSING	R276,954.11
OFFICE OF THE PREMIER	R3,601.00
PROVINCIAL LEGISLATURE	R113,850.77
CORRECTIONAL SERVICE	R3,512,076.69
NATIONAL DEFENCE FORCE	R4,628,338.01
AGRICULTURE	R181,524.58
EDUCATION	R81,926.77
SPORTS, ARTS & CULTURE	R311,564.34
TRANSPORT	R0.00
DE BEERS	R1,586,745.91
TELKOM	R774,667.23
TRANSNET	R1,113,396.30
ESKOM	R127,221.08
SAPS	R795,059.26
SCHOOLS	R1,791,607.07
TOTAL	R41,380,847.98

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt remained constant at 90% for the month under review. Debt over 90 days increased by R54,803 million in respect of the month-to-month comparison. The month-to-month increase, on total debt amounted to R51,613 million. It is concerning that total debt over 90 days is hovering at an average of 88 percent. During the 2023/24 MTREF Budget Benchmark exercise NT also encouraged the municipality, to explore all avenues to recoup long outstanding debt, to improve on financial liquidity and to improve the collection rate to at least 89% to be realistically funded from a cash perspective.

Chart 7: Debt over 90 days as a % of total O/S Debt: Jun 2024 - Jan 2025



Chart 7: Debt over 90 days as a percentage of Total O/S Debt

- There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2023/24. This error affected Chart C3 Aged Consumer Debtors Analysis. The problem has been resolved by our financial system provider (BCX). However, the totals are for January 2024, this will have to be confirmed with NT, if it is for the same period of the prior year or the audited outcomes that are required. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 2023/24 audited actuals is not aligned to the AFS and is based on an erroneous formula which the municipality is strictly prohibited from fixing manually. The C-schedule for this reason, is completely password protected. The corrected charts are indicated below.

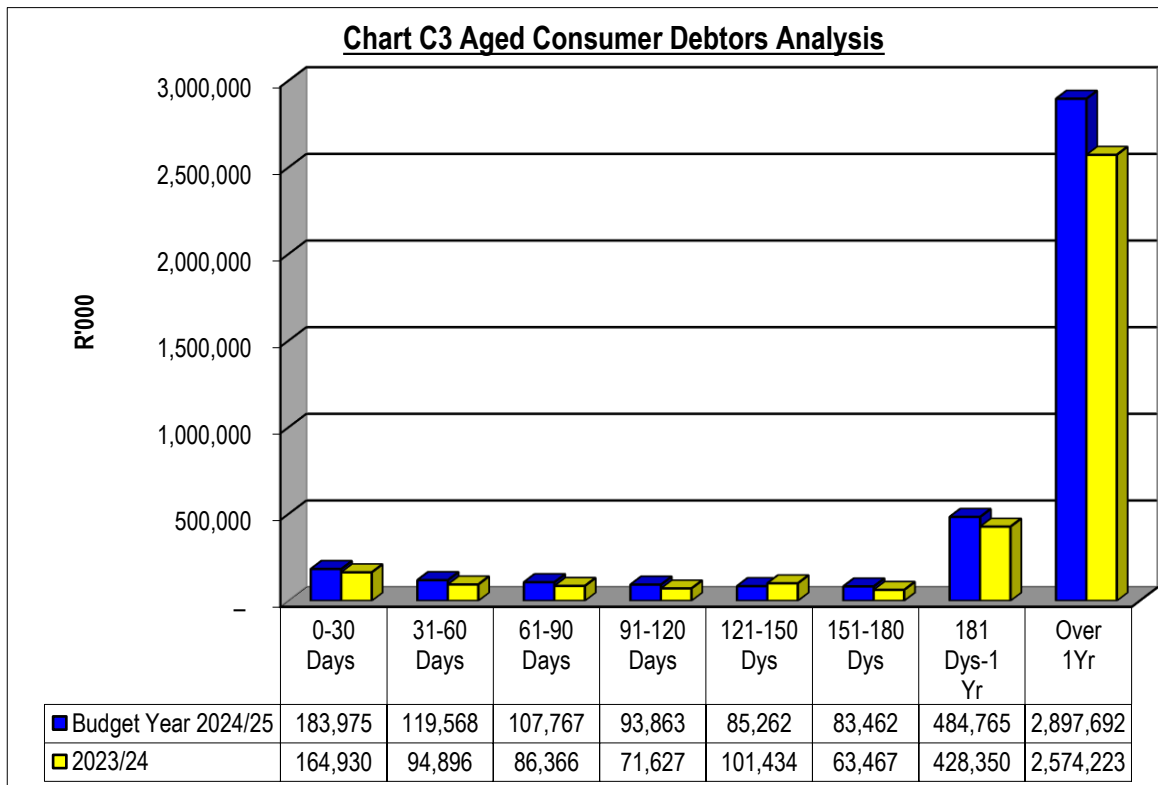


Chart 8: Aged Consumer Debtor Analysis

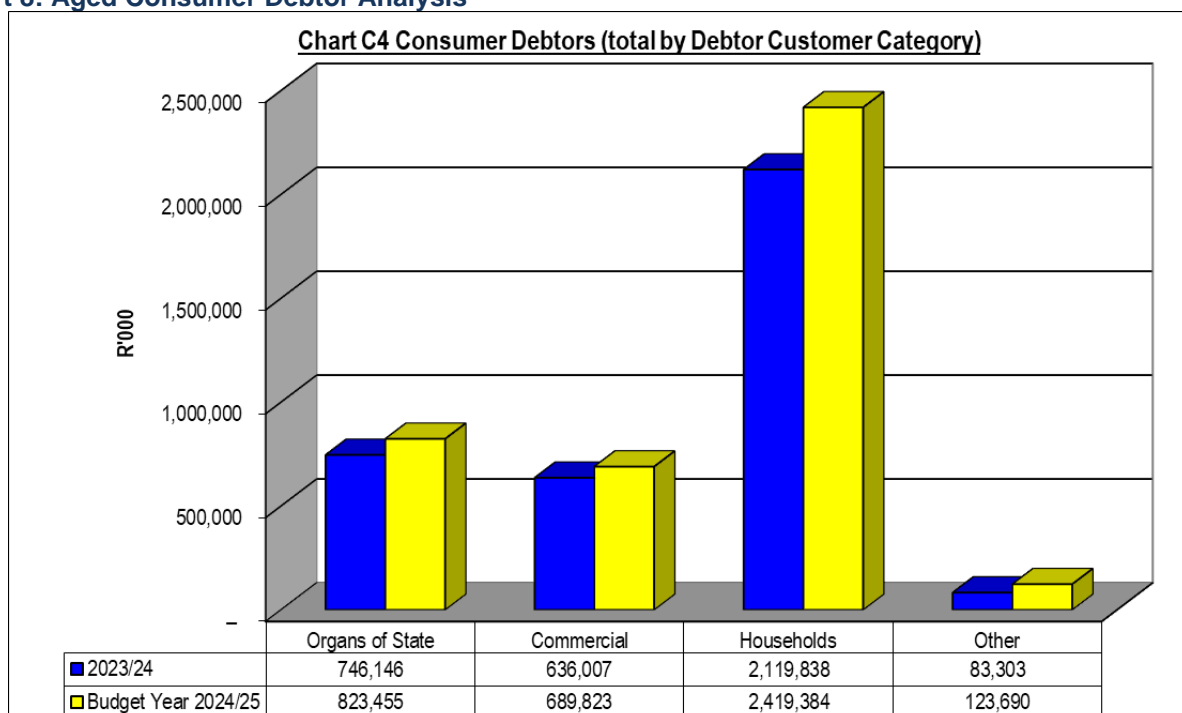


Chart 9: Consumer Debtors (total by Debtor Customer Category)

During the Mid-year Budget Assessment for the 2021/22 financial year and indicated below are the Revenue enhancement strategies that can be implemented to ensure the completeness of Revenue, improve the collection rate, enhance customer relations and reduce losses

- Disconnection of consumers to be applied consistently and fairly in line with the Credit Control Policy
- Engagements with provincial government to collect outstanding debt.
- Data cleansing of the entire debtor's book
- Data cleansing to positively influence the reachability of consumers and assist tremendously in the electronic distribution of municipal accounts via short messaging services (sms) and electronic mail (e-mail).
- Improve in the accuracy of monthly billing.
- Ensure meters are read consistently and timeously.
- Significantly reduce interim readings and ultimately eliminate interim readings.
- Reduce material billing errors by thoroughly interrogating billing exception reports prior to final billing run.
- Enhance customer relations and consumer satisfaction by improving on the turnaround time when dealing with billing queries.
- Introduce electronic complaints management system/register for account queries.
- Ensure faulty and bypassed electricity meters are replaced.
- Ensure that stuck, leaking, faulty or damaged water meters are replaced.
- Do regular follow-ups on meter replacements.
- Accurately update the system with latest information.
- Reduce the turnaround time for installation of replacement or new meters.
- Ensure improved synergy and improved communication between internal department like Town Planning, Infrastructure, GIS and Billing.
- Interrogate billing and prepaid electricity reports on a monthly basis and take immediate remedial action to address anomalies or discrepancies.
- Ensure that all billable properties are billed for Property rates and services.
- Ensure that customers are billed at the correct approved tariff by linking each customer to the correct tariff code loaded on the system.
- Reduce Electricity and Water losses.
- Finalise the Riverton reclamation dam to reduce water losses at the Plant by at least 6%.
- Introduce automated metering for bulk consumers.
- Electricity Cost of Supply Study was finalized.
- Ensure qualifying indigents are registered on the system, immediately upon verification.
- Improve on indigent management in terms of consumption and ensure prepaid electricity meters are installed immediately for all approved indigents.
- Improve on service delivery and personnel performance, to enhance customer's willingness to pay.
- Reduce or curb unnecessary expenditure by diligently applying cost containment measures.
- Prioritisation of spending.
- Improve on routine maintenance on particularly revenue generating assets.
- Spend funds effectively with good value for money.

Revised collection rate

As per Table 9 below, when taking into consideration what was billed in December 2024 and received in January 2025, the monthly collection rate is 81%, for Property Rates and Service charges only. When including Other billing and receipts, the monthly collection rate is 77%. It should be noted that receipts are aligned to the billing cycle which is normally from the 26th of the prior month to the 25th of the current month. The monthly collection rate is satisfactory for the month under review. Unallocated receipts amounted to R30,812 million and will be allocated during February 2025. Indicated in Table 10 below is the revised average collection rate of 74.8%, for Property rates and Service charges only. The average collection rate is showing improvement and is still slightly distorted due to the annual billing on Property rates. The lower collection rate is not an ideal situation and is having a dire impact on the cash flow of the municipality. The current status quo cannot continue, and drastic action will have to be taken to address this critical issue. The collection target as per the Municipal Debt Relief is 85%.

When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 January to 31 January 2025. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, have until the end of September 2024 to settle their outstanding accounts.

Monthly Collection Rate	Debits (Billed December 2024)	Credits (Received January 2025)	% Collected
PROPERTY RATES	50,514,182	40,044,316	79%
ELECTRICITY	46,686,948	54,877,330	118%
WATER	33,164,360	17,771,431	54%
SEWERAGE	10,198,319	3,998,005	39%
REFUSE	8,111,158	3,666,982	45%
PROPERTY RATES & SERVICES	148,674,967	120,358,063	81%
OTHER	27,832,996	16,001,183	57%
TOTAL	176,507,964	136,359,246	77%

Table 9: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL JANUARY 2025	YTD RECEIPTS	Rate
PROPERTY RATES	R 461,190,953	R 263,617,898	57.2%
SERVICE CHARGE ELECTRICITY	R 358,883,077	R 350,040,072	97.5%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 204,163,823	R 204,163,823	100.0%
SERVICE CHARGE WATER	R 202,730,824	R 100,443,485	49.5%
SERVICE CHARGE SANITATION	R 66,032,440	R 29,000,651	43.9%
SERVICE CHARGE REFUSE	R 49,641,069	R 25,816,410	52.0%
UNALLOCATED CREDITS		R 30,811,526	
REVISED AVERAGE COLLECTION RATE - JANUARY 2025	R 1,342,642,185	R 1,003,893,865	74.8%

Table 10: Revised Average collection rate

Chart 10: Comparative trend: Monthly and Revised average collection rate - Jun 2024 to January 2025

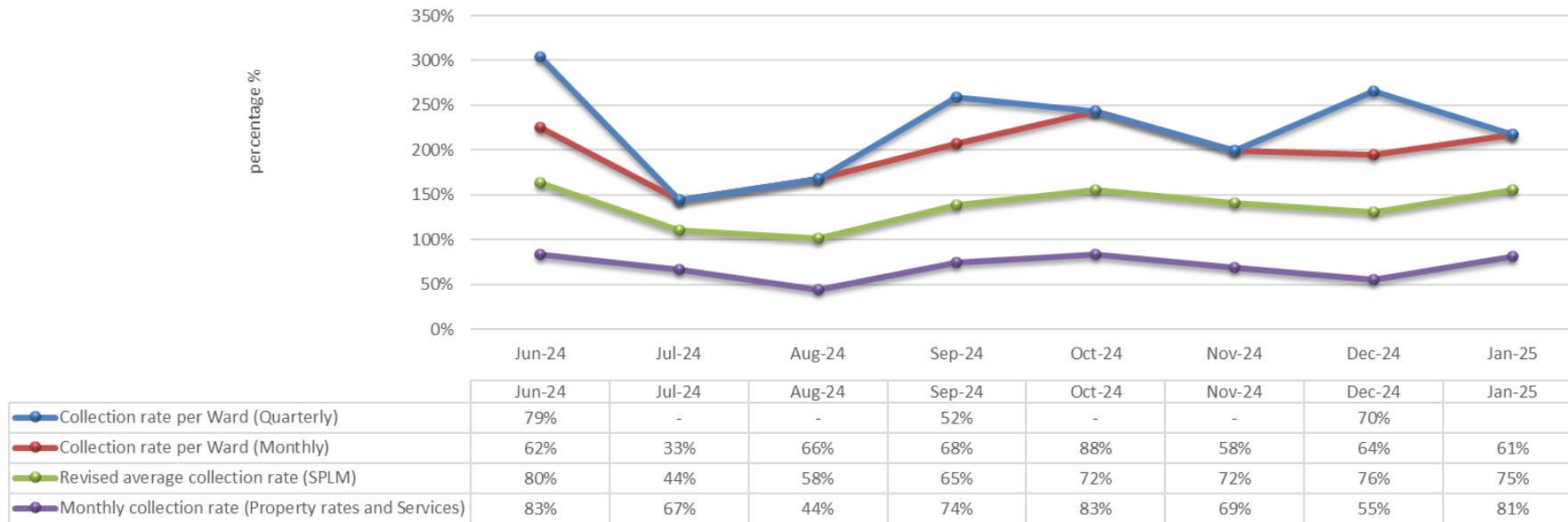


Chart 10: Comparative trend: Monthly and Revised average collection rate

Indicated in Chart 10 above, is the comparative trend between the monthly and average collection rate from June 2024 to January 2025. The monthly collection rate (Property rates & Services) for January 2025 is satisfactory at 81%. The revised average collection for January 2025, deteriorated slightly for the month under review. This is exacerbated by the receipts on annual billing not being materializing. It should be noted that the monthly collection rate takes into account what was billed in the previous month and received in the current month. The receipts are also based on the billing cycle, which will normally be from 26th of the previous month to 25th of the current month. The monthly collection rate also excludes Prepaid electricity sales and Other billing. It should be noted the collection rate is based on the receipts versus billing for Property Rates and Service charges only. The lower collection levels are not ideal because on a monthly basis, the municipality is not receiving enough cash to cover its short-term commitments. For the municipal debt relief, the municipality is also expected to report on the collection rate per ward which includes receipts from Property Rates, Services and Interest, but excludes Prepaid Electricity sales. The monthly collection rate per ward was 61% for the month under review, whilst the average quarterly collection rate is 70% for October to December 2024. Drastic action will have to be taken by the municipality, in implementing its own Credit Control Policy. It should be noted that an amount of R30,812 million was unallocated at month-end.

During the 2023/24 MTREF Benchmark engagement, NT advised that the municipality, “must make an effort to collect long outstanding debtors and strive to push collection rate beyond 89% so that we are able to make a surplus on the cash flow which will enable the municipality to cover all the proposed expenditures including bulk purchases for Eskom and Water Board. As things stand, if you look at the cash flow, it shows that the municipality will collect less revenue than the proposed expenditure, however, the budget on A8 remains funded because of huge outstanding debtors that the municipality is still anticipating to collect, hence our plea for the municipality to collect those long outstanding debtors not written off.”

Chart 11.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2024 to Jan 2025

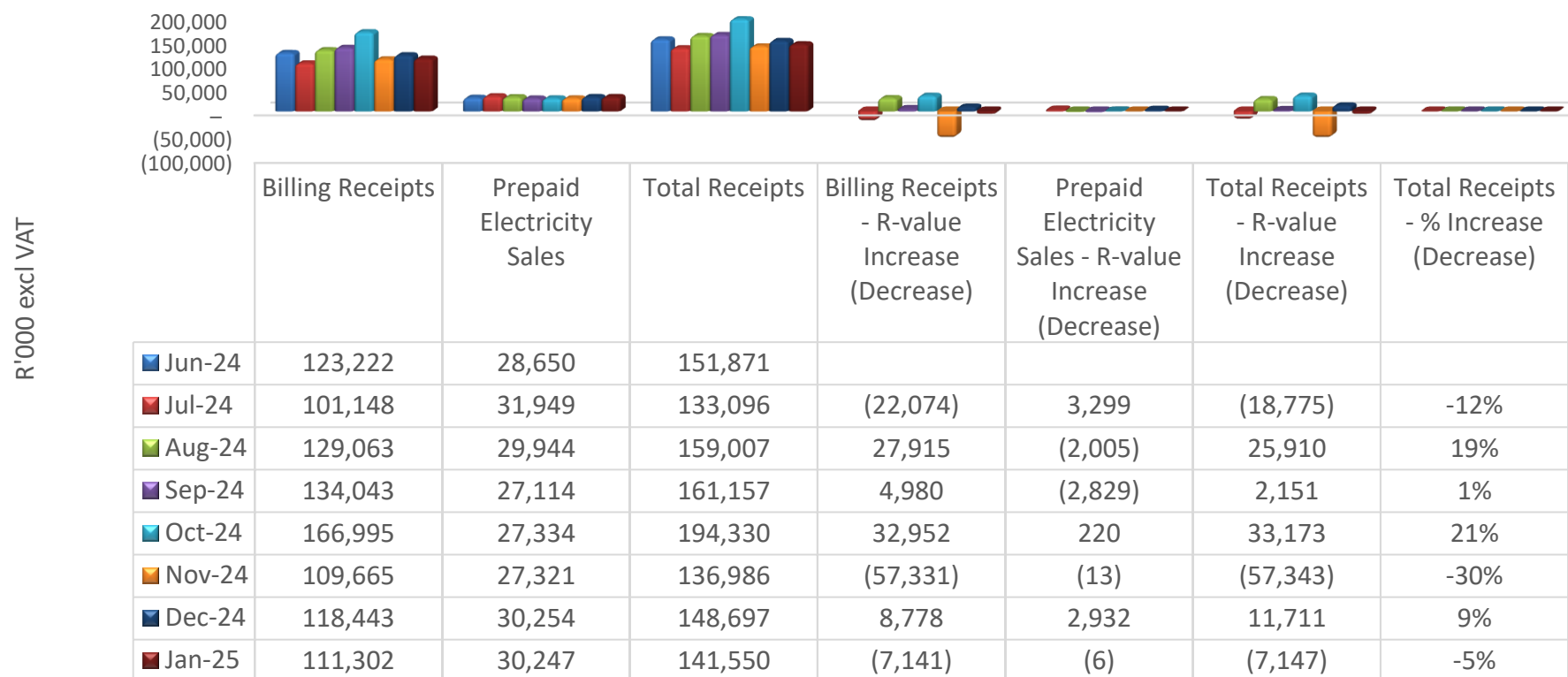


Chart 11.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 11.1 above, the Total Receipts for January amounted to R141,550 million which resulted in a decrease of R7,147 million or minus 5% in respect of the month-to-month comparison. Billing receipts decreased by R7,141 million, whilst Prepaid Electricity Sales decreased by R6 thousand. The deteriorating situation for the past few months/years does not bode well for the municipality's cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R30,812 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated, and assistance is sourced from the bank, when the municipality is unable to trace receipts so that it can be allocated accurately.

Chart 11.2: Monthly billing receipts per revenue source & % contribution for period ending 31 January 2025

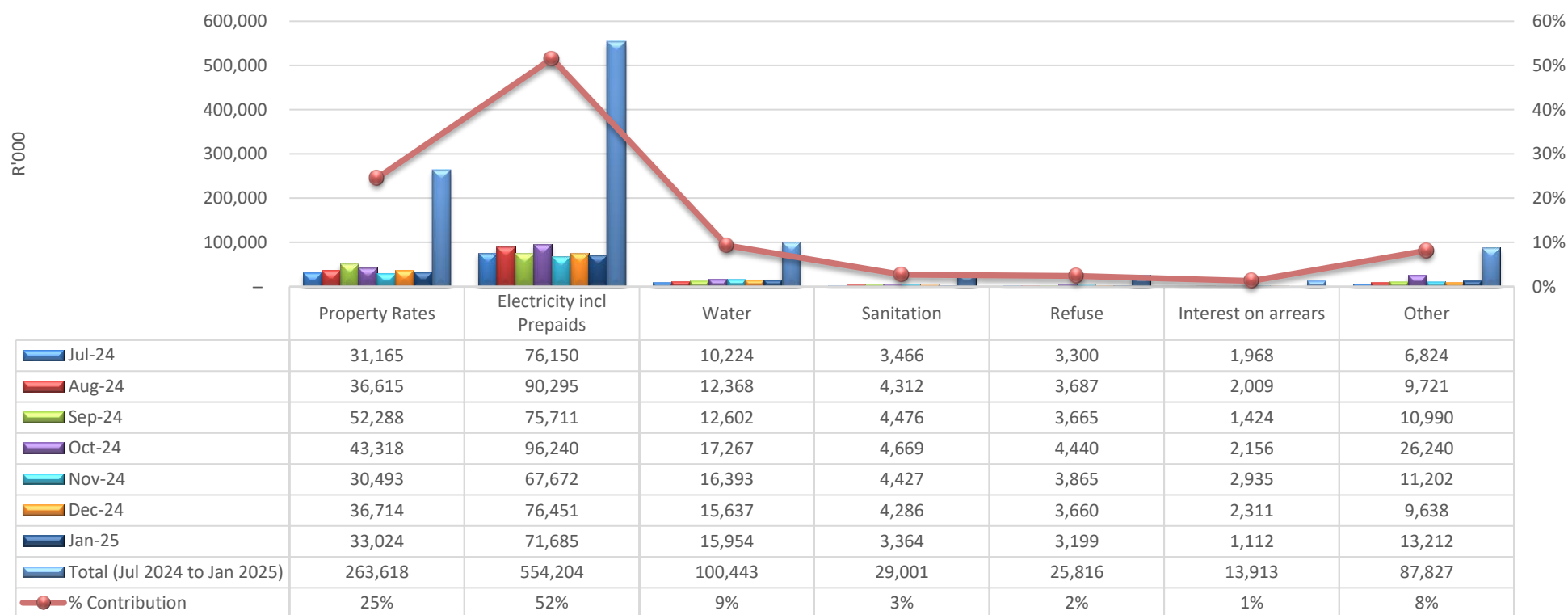


Chart 11.2: Monthly billing receipts per revenue source and % contribution

Indicated in Chart 11.2 above, is the month-to-month receipts per Revenue source and percentage contribution of receipts per revenue source as at 31 January 2025. Receipts are relatively constant based on the month-to-month comparison. The actual cash collected remains a serious concern and positive results can be achieved, provided that the Credit Control and Debt Collection Policy is strictly, consistently, and fairly applied. Data from the above chart, indicates that Electricity incl Prepaids at R554,204 million (52%) is the highest contributor, followed by Property rates at R263,618 million (25%) being received. This illustrates the sensitivity and vulnerability in respect of electricity sales that the municipality is facing. Any major reductions in this revenue source can severely affect the municipality's financial position and this was clearly demonstrated when the municipality had to abolish the implementation of the basic charge in 2018/19 financial year. Measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 9% and Other 8% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 50% from these revenue sources. The lowest contributor in respect of actual receipts, has always been Interest on arrears. This demonstrates the fact that the municipality is facing challenges in

collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that “the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

- a) 100 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account January be written off if such account is settled in full prior to the next billing run of such account.
- b) 85 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account January be written off if such account is settled in full over a period of two consecutive months.
- c) 50 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account will be written off if such account is settled in full over a period of three consecutive months.”

The above incentives then negatively influence the collectability of this revenue source, but positively influences the collection of other services.

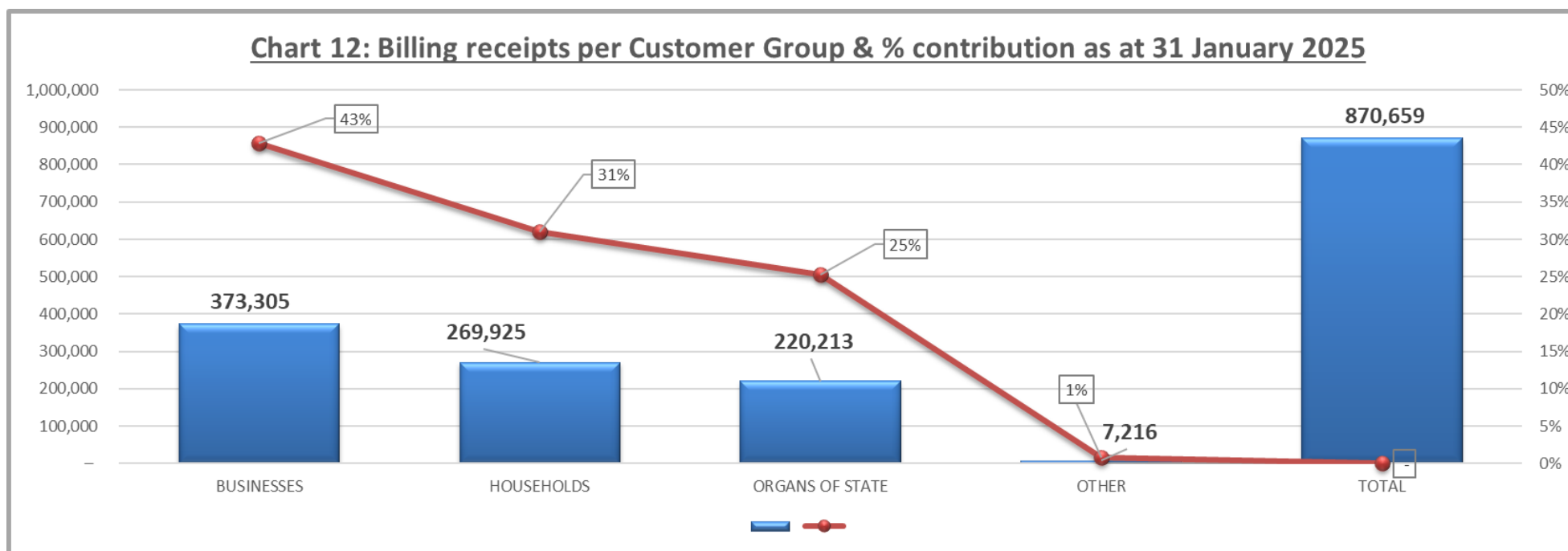


Chart 12: Billing receipts per Customer Group

Indicated in Chart 12 above, is the billing receipts and percentage contribution per major Customer group as at 31 January 2025. The municipality received R373,305 million (43%) from Businesses, Households R269,925 million (31%), Organs of State R220,213 million (25%) and Other R7,216 million (1%).

7. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2024/25									Prior year
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	totals for chart (same period)
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	75,732	1,730	44,974	2,766	1,749	55,601	274	858,455	1,041,281	995,634
Bulk Water	0200	20,396	15,681	17,504	17,504	–	–	–	54,656	125,741	111,470
PAYE deductions	0300	11,347	–	–	–	–	–	–	–	11,347	11,640
VAT (output less input)	0400									–	
Pensions / Retirement deductions	0500	8,338	–	–	–	–	–	–	–	8,338	8,321
Loan repay ments	0600									–	
Trade Creditors	0700	11,210	4,020	860	53	–	–	–	327	16,470	8,898
Auditor General	0800	67	477	–	–	–	–	–	–	544	34
Other	0900	11,138	1,401	–	–	18	1,110	2,684	13,866	30,218	34,587
Medical Aid deductions		8,407	–	–	–	–	–	–	–	8,407	
Total By Customer Type	1000	146,636	23,309	63,338	20,323	1,768	56,711	2,958	927,305	1,242,347	1,170,585

Table 11.1: Supporting Table SC4: Aged Creditors

Part 5: Creditor Age Analysis											
R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Creditor Age Analysis											
Bulk Electricity	75,732	7.3%	1,730	2%	44,974	4.3%	918,845	88.2%	1,041,281	83.8%	
Bulk Water	20,396	16.2%	15,681	12.5%	17,504	13.9%	72,161	57.4%	125,741	10.1%	
PAYE deductions	11,347	100.0%	-	-	-	-	-	-	11,347	9%	
VAT (output less input)	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	8,338	100.0%	-	-	-	-	-	-	8,338	7%	
Loan repayments	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	11,210	68.1%	4,020	24.4%	860	5.2%	380	2.3%	16,470	1.3%	
Auditor-General	67	12.3%	477	87.7%	-	-	-	-	544	-	
Other	11,138	36.9%	1,401	4.6%	-	-	17,679	58.5%	30,218	2.4%	
Medical Aid deductions	8,407	100.0%	-	-	-	-	-	-	8,407	7%	
Total	146,636	11.8%	23,309	1.9%	63,338	5.1%	1,009,065	81.2%	1,242,347	100.0%	

Table 11.2: Part 5: Creditors Age Analysis

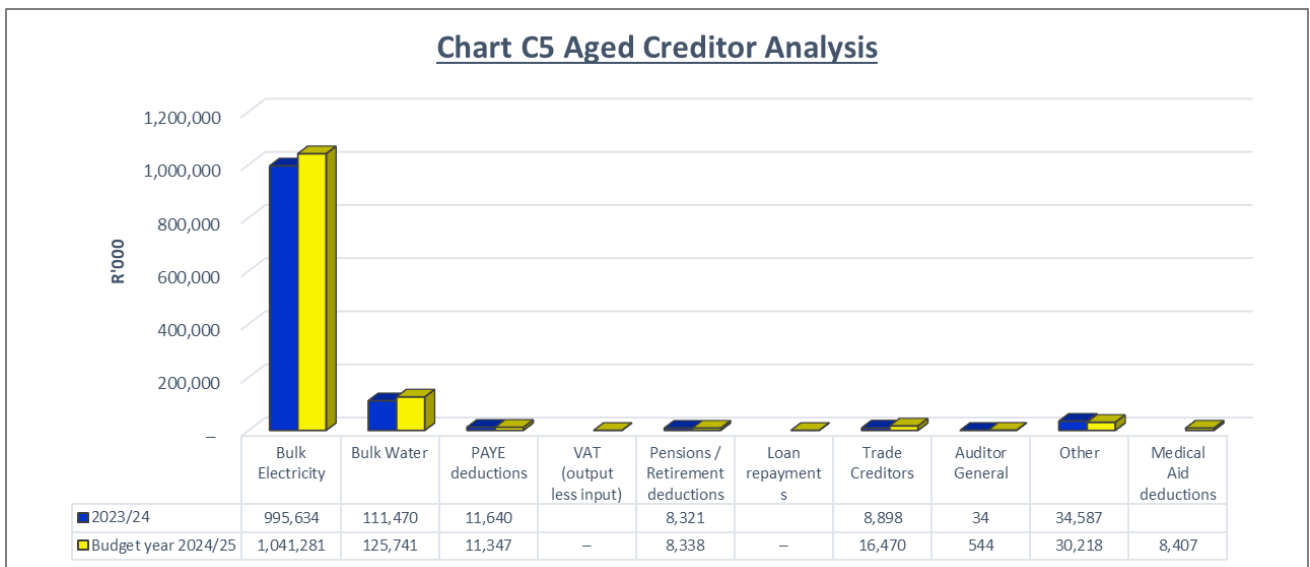


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2023/24 in Table 11.1 and Chart 13 is based on the outstanding creditors as at 31 January 2024 (prior year totals for the same period). Articulated in Table 11.2 above, is the age creditors analysis, which is standing at R1,242,347 billion owed to creditors. The analysis shows that 11.8% of creditors is owed between 0 to 30 days, whilst 81.2% of creditors is owed over 90 days. Bulk Electricity is the largest creditor at 83.8%. Statutory payments for PAYE, Pensions/Retirement and Medical Aid deductions was settled on or before 7 February 2025.

Bulk Electricity – As at the 31 January 2025, the outstanding debt owed to ESKOM amounted to R1,041,281 billion. According to the January 2025 Eskom invoice, the outstanding balance is R931,819 million, as a result of the Payment Arrangement (PA) that was loaded on the municipality's account. Balance on the PA is R113,900 million.

Bulk Water – As at the 31 January 2025, the outstanding debt owed to DWS amounted R125,741 million. A payment agreement with DWS for the 2022/23 financial year was concluded for a period

of 24 months and the municipality is participating in the Incentive scheme that the Department is providing to municipalities. All invoices for 2022/23 and 2023/24 financial year were settled in full. The total outstanding debt must be concurred with the Department.

PAYE and Pension statutory deductions are paid over monthly to the relevant institutions on or before 7 February 2025.

VAT – after the monthly VAT reconciliation, we claimed an amount of R12,737 million from SARS.

Trade creditors are all suppliers registered on the municipality's database, and it is a prerequisite for these suppliers to be registered on the Central Supplier Database (CSD).

Auditor General – the total outstanding amount due to the AGSA is R544 thousand. The December 2024 account is in arrears for more than 30 days, and this must be ratified by the municipality as a matter of urgency.

Other creditors – includes Sundry creditors which were unpaid as at 31 January 2025.

Medical Aid deductions – an amount of R8,407 million for medical aid contributions was payable on or before 7 February 2025.

8. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 January 2025, the value of total investments made was R182,356 million. Partially or prematurely withdrawn investments amounted to R31,355 million. The investment top-up was zero Rand for the month under review. The current status quo does not bode well for the municipality and we are running into major trouble in terms of meeting commitments to pay salaries, Eskom, DWS and even other creditors. The disclosure of interest has to be discussed with NT so that the municipality can align interest received to the data strings, whilst NT must provide guidance of the YTD accrued interest that are not yet reflected in the books. This exercise is normally performed during year-end procedures. Please note that the investments are committed and/or held for the following reasons:

Purpose	R'000
• A fixed deposit that was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of the long-term loan.	21,386
• A fixed deposit that was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.	7,401
• Unspent Capital grant receipts that was invested for the current year.	184,867
• Own funds invested - Ring-fenced Eskom income / If amount is NEGATIVE, it means that there is Grant funds in the main account	(31,298)
Total	182,356

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Standard Bank 048466271-089		6 months	Call a/c	No	Variable	6.9	0			-	-	-	-	-
Standard Bank 04 846 6271- 090		48 hours	Notice	No	Fixed	8.85%	0	n/a		-	-	-	-	-
Standard Bank - 04 846 6271-092		6 months	Notice	No	Fixed	892.00%	0	n/a		178,569	1,263	(31,263)	-	148,569
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	9.71%	0		2023/06/28	7,401	56	(56)	-	7,401
Standard Bank - 04 846 6271-091		Monthly	Notice	No	Fixed	890.00%	0	n/a	2024/06/30	5,000	36	(36)	-	5,000
Standard Bank 048466271-088		12 months	Notice	No	Fixed	970.00%	0		2024/11/10	-	-	-	-	-
Standard Bank - 048466271-093		12 months	Fixed	No	Fixed	887.00%	0		2025/11/10	21,096	291	-	-	21,386
Municipality sub-total										212,066	1,645	(31,355)	-	182,356

Table 12: Supporting Table SC5: Investment portfolio

Chart 14: Call investment deposits incl interest for the period ending 31 January 2025

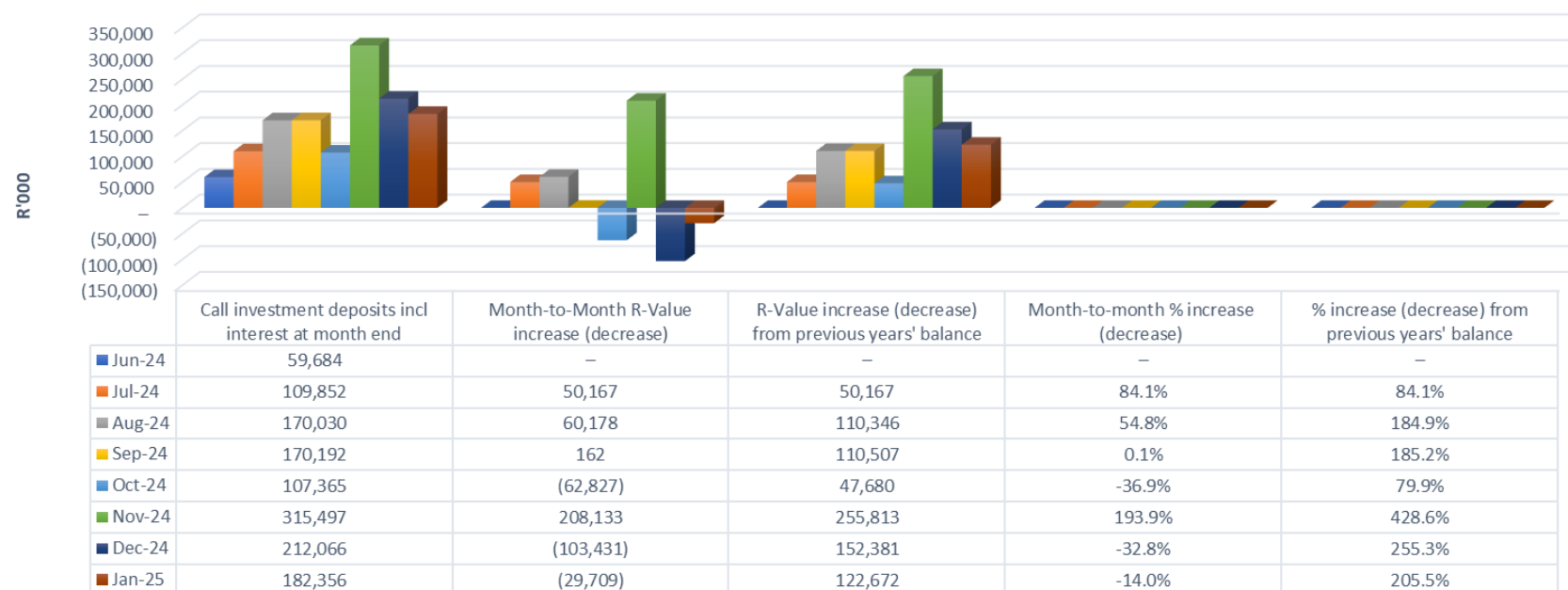


Chart 14: Call investment deposits at month-end

As indicated in the Chart 5 above from December 2024 to January 2025 investments incl interest decreased by R29,709 million or 14%, in respect of the month-to-month comparison. Investments increased by R122,672 million or 205,5% when compared to the previous years' balance of R59,684 million. The significant increase relates to RBIG funds that were received and immediately invested. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments, in December and June of each year. The non-charging of the basic charge for the 2018/19, 2023/24 and 2024/25 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

9. Allocation and grant receipts and expenditure

Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		271,713	290,671	290,671	329	213,008	169,558	43,450	25.6%	290,671
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		263,135	282,104	282,104	–	207,608	164,561	43,047	26.2%	282,104
Expanded Public Works Programme Integrated Grant		3,102	2,267	2,267	–	2,267	1,322	945	71.4%	2,267
Infrastructure Skills Development Grant		3,776	4,500	4,500	316	2,739	2,625	114	4.4%	4,500
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Local Government Financial Management Grant	3	1,700	1,800	1,800	14	394	1,050	(656)	-62.5%	1,800
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		14,787	8,600	8,600	46	485	5,017	(4,532)	-90.3%	8,600
Capacity Building and Other Grants		8,979	8,600	8,600	46	485	5,017	(4,532)	-90.3%	8,600
Infrastructure Grant		5,808	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		215,206	–	–	–	–	–	–	–	–
ESKOM		210,375	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Higher Education SA (HESA)		–	–	–	–	–	–	–	–	–
Unspecified		4,831	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	501,707	299,271	299,271	375	213,493	174,575	38,918	22.3%	299,271
Capital Transfers and Grants										
National Government:		133,753	572,229	572,229	4,061	261,501	333,800	(72,300)	-21.7%	572,229
Energy Efficiency and Demand Side Management Grant		6,000	5,000	5,000	883	3,129	2,917	212	7.3%	5,000
Integrated National Electrification Programme Grant		24,358	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		63,395	75,229	75,229	570	33,778	43,884	(10,106)	-23.0%	75,229
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		40,000	492,000	492,000	2,608	224,594	287,000	(62,406)	-21.7%	492,000
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Infrastructure Grant		–	–	–	–	–	–	–	–	–
District Municipality:		6,437	–	–	–	–	–	–	–	–
Specify (Add grant description)		6,437	–	–	–	–	–	–	–	–
Other grant providers:		18,850	–	–	–	–	–	–	–	–
[insert description]		18,850	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	159,040	572,229	572,229	4,061	261,501	333,800	(72,300)	-21.7%	572,229
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	660,747	871,500	871,500	4,437	474,994	508,375	(33,381)	-6.6%	871,500

Table 13: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

ISDG – R1,800 million

Capital grant monies received for the month under review.

EEDSM grant – R1,800 million

There are some mapping errors pertaining to operational and capital grants, in respect of receipts. Capital grants specifically, is allocated to the Statement of Financial Position as receipts and is not mapped to the C-schedule. However, on a monthly basis journals are processed to recognize capital grant receipts in the Statement of Financial Performance, once all conditions of the grant have been met. The figure disclosed in the Statement of Financial Performance is mapped to supporting schedule SC6.

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		237,196	229,671	229,671	10,535	131,941	133,975	(2,034)	-1.5%	229,671
Equitable Share		228,294	221,104	221,104	7,802	126,184	128,978	(2,794)	-2.2%	221,104
Expanded Public Works Programme Integrated Grant		3,426	2,267	2,267	2,294	2,294	1,322	972	73.5%	2,267
Infrastructure Skills Development Grant		3,776	4,500	4,500	277	2,385	2,625	(240)	-9.2%	4,500
Integrated Urban Development Grant		–	–	–	98	684	–	684	–	–
Local Government Financial Management Grant		1,700	1,800	1,800	63	394	1,050	(656)	-62.5%	1,800
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		9,852	8,600	11,087	154	960	6,469	(5,508)	-85.2%	11,087
Capacity Building and Other Grants		7,625	8,600	8,587	103	485	5,010	(4,525)	-90.3%	8,587
Infrastructure Grant		2,227	–	2,500	50	475	1,458	(983)	-67.4%	2,500
District Municipality:		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		247,048	238,271	240,758	10,688	132,901	140,444	(7,542)	-5.4%	240,758
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		124,283	572,229	572,229	4,628	228,309	333,800	(105,492)	-31.6%	572,229
Energy Efficiency and Demand Side Management Grant		5,999	5,000	5,000	768	2,721	2,917	(196)	-6.7%	5,000
Integrated National Electrification Programme Grant		21,181	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		57,349	75,229	75,229	1,592	30,289	43,884	(13,594)	-31.0%	75,229
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		39,754	492,000	492,000	2,268	195,299	287,000	(91,701)	-32.0%	492,000
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
District Municipality:		6,000	–	–	–	–	–	–	–	–
Specify (Add grant description)		6,000	–	–	–	–	–	–	–	–
Other grant providers:		17,073	–	–	–	–	–	–	–	–
European Union		17,073	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		147,356	572,229	572,229	4,628	228,309	333,800	(105,492)	-31.6%	572,229
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		394,404	810,500	812,987	15,316	361,210	474,244	(113,034)	-23.8%	812,987

Table 14: Supporting Table SC7(1): Transfers and grant expenditure

The municipality is experiencing huge challenges in respect of funding for the EPWP which is not sufficient and this is putting strain on the municipality's finances. The total YTD expenditure is R18,499 million. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted Original allocation for the EPWP is R2,267 million. In addition to this, the municipality budgeted R15,000 million for this programme.

Description (R'000)	Original Budget	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original	% Spent Adj Budget
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	75,229	75,229	4,624	28,697	8,086	38.1%	38.1%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	5,000	5,000	1,042	1,953	–	39.1%	39.1%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	492,000	492,000	113,113	193,031	–	39.2%	39.2%
Grand Total	572,229	572,229	118,779	223,681	8,086	39.1%	39.1%

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R223,681 million or 39.1% spent against the Original capital grant allocation of R572,229 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD capital expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized in the Statement of Financial performance, when all conditions of the grant have been met. Capex also excludes Commitments. Please refer to Section 4.3 in the Executive Summary which highlights some of the factors that negatively influences the delay in grant expenditure.

Rollover Grants: Expenditure

The rollover request for the 2023/24 financial year was submitted to National Treasury. The rollover request was not approved by National Treasury. Indicated below is an extract of the reasons for the rejection.

“Your request to roll over the unspent amount of R3.9 million into the 2023/24 financial year by your municipality is not approved in terms of 21(2) of the 2023 Division of Revenue Act, (Act No. 5 of 2023) (DoRA), as amended by the Division of Revenue Amendment Act, (Act No. 24 of 2023) (DoRAA). The rejection is with respect to the Infrastructure Skills Development Grant (ISDG) (R1.2 million) and the Integrated National Electrification Programme (Municipal) Grant (R2.7 million) (INEP).

The National Treasury in assessing your roll over request used the criteria set out in Circular No. 128 of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) as a guide for the consideration of the roll over submission by your municipality.

The decision to reject your roll over request is based on the following reason:

- Non submission of supporting documents as outlined in Circular No.128, i.e. copies of appointment letters of service providers and/ or tender documents for both ISDG and INEP. “

Table 16: Supporting Table SC7(2) - Expenditure against approved rollovers

Table 16 is not required.

10. Councillor and board member allowances and employee benefits

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

Summary of Employee and Councillor remuneration	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1							-		
Pension and UIF Contributions		1,065	-	-	127	615	-	615	#DIV/0!	-
Medical Aid Contributions		536	-	-	50	370	-	370	#DIV/0!	-
Motor Vehicle Allowance										
Cellphone Allowance		2,997	3,055	3,055	255	1,755	1,782	(27)	-2%	3,055
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		29,271	34,021	34,021	3,932	17,972	19,846	(1,874)	-9%	34,021
Sub Total - Councillors		33,869	37,077	37,077	4,364	20,713	21,628	(915)	-4%	37,077
% increase	4		9.5%	9.5%						9.5%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	4,942	8,791	8,791	353	2,826	5,128	(2,302)	-45%	8,791
Pension and UIF Contributions		433	1,316	1,316	33	244	768	(524)	-68%	1,316
Medical Aid Contributions		192	117	117	16	108	68	40	58%	117
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance		1,065	2,005	2,005	87	607	1,170	(562)	-48%	2,005
Cellphone Allowance		101	198	198	8	59	116	(57)	-49%	198
Housing Allowances	22	9	9	2	13	5	7	128%	9	
Other benefits and allowances	2							-		
Payments in lieu of leave								-		
Long service awards		14	15	15	1	8	9	(0)	-2%	15
Post-retirement benefit obligations								-		
Entertainment								-		
Scarcity								-		
Acting and post related allowance								-		
In kind benefits							-			
Sub Total - Senior Managers of Municipality		6,769	12,452	12,452	500	3,865	7,264	(3,399)	-47%	12,452
% increase	4		84.0%	84.0%						84.0%
Other Municipal Staff										
Basic Salaries and Wages	2	460,448	509,499	505,967	37,977	270,843	295,866	(25,023)	-8%	505,967
Pension and UIF Contributions		83,850	96,851	96,851	6,955	49,244	56,497	(7,254)	-13%	96,851
Medical Aid Contributions		54,500	63,693	63,693	5,353	36,412	37,154	(742)	-2%	63,693
Overtime		90,602	53,982	53,982	5,711	37,441	31,490	5,951	19%	53,982
Performance Bonus		30,591	38,317	38,317	1,196	23,658	22,352	1,306	6%	38,317
Motor Vehicle Allowance		43,767	51,151	51,151	3,395	24,588	29,838	(5,250)	-18%	51,151
Cellphone Allowance		1,631	1,551	1,551	128	953	905	48	5%	1,551
Housing Allowances		2,856	2,887	2,887	228	1,583	1,684	(101)	-6%	2,887
Other benefits and allowances		38,029	26,598	30,130	2,600	18,781	16,858	1,923	11%	30,130
Payments in lieu of leave		7,128	20,000	20,000	1,271	3,881	11,667	(7,785)	-67%	20,000
Long service awards		30,958	29,981	29,981	2,539	18,149	17,489	659	4%	29,981
Post-retirement benefit obligations		43,162	43,900	43,900	691	4,403	25,608	(21,206)	-83%	43,900
Entertainment								-		
Scarcity								-		
Acting and post related allowance							-			
In kind benefits							-			
Sub Total - Other Municipal Staff		887,522	938,410	938,410	68,043	489,937	547,408	(57,472)	-10%	938,410
% increase	4		5.7%	5.7%						5.7%
Total Parent Municipality		928,160	987,939	987,939	72,907	514,515	576,300	(61,785)	-11%	987,939
TOTAL SALARY, ALLOWANCES & BENEFITS		928,160	987,939	987,939	72,907	514,515	576,300	(61,785)	-11%	987,939
% increase	4		6.4%	6.4%						6.4%
TOTAL MANAGERS AND STAFF		894,291	950,863	950,863	68,542	493,802	554,672	(60,870)	-11%	950,863

Table 17: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 17 above, Employee related costs is satisfactory and showing a variance of minus 11%. There is currently a moratorium on the filling of non-critical vacancies and on the sale of leave. Post-retirement benefit obligations will be finalized as part of year-end procedures. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13th cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Individuals do act on positions from time to time, but all such acting allowances forms part of the basic salary line item. Councillors' Remuneration is showing a satisfactory variance of minus 4% when compared to the YTD Budget. The gazette on the Determination of Upper limits of

salaries, allowances and benefits of different members of municipal councils was issued and implemented accordingly.

For reporting purposes on Overtime, the municipality is only concentrating on (Overtime Structured and Non-structured). However, as per NT mapping Night-shift allowance and Payments - Shift Add Remuneration is also mapped to Overtime. The Overtime controls are not effective and the desired outcome to remain within budget, was not achieved for 2023/24 financial year. The same trend is transpiring for the current year. Overtime can be monitored by implementing more stringent control measures. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The historic contract appointments and continuous appointment of contract workers is negatively affecting the salary expenditure and hampering the municipality's ability to fill vacancies as contract workers are being funded by budgeted vacancies. The moratorium placed on recruitment should curb this going forward. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours were limited to 30 hours per month within most departments, but this control has since been revised to 40 hours, hopefully this will have a positive impact on the overall Overtime expenditure. The Overtime policy was developed and approved by Council. There are some challenges with the implementation, especially pertaining to time-off in lieu of Overtime remuneration.

And indicated in Table 21 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of January 2025.

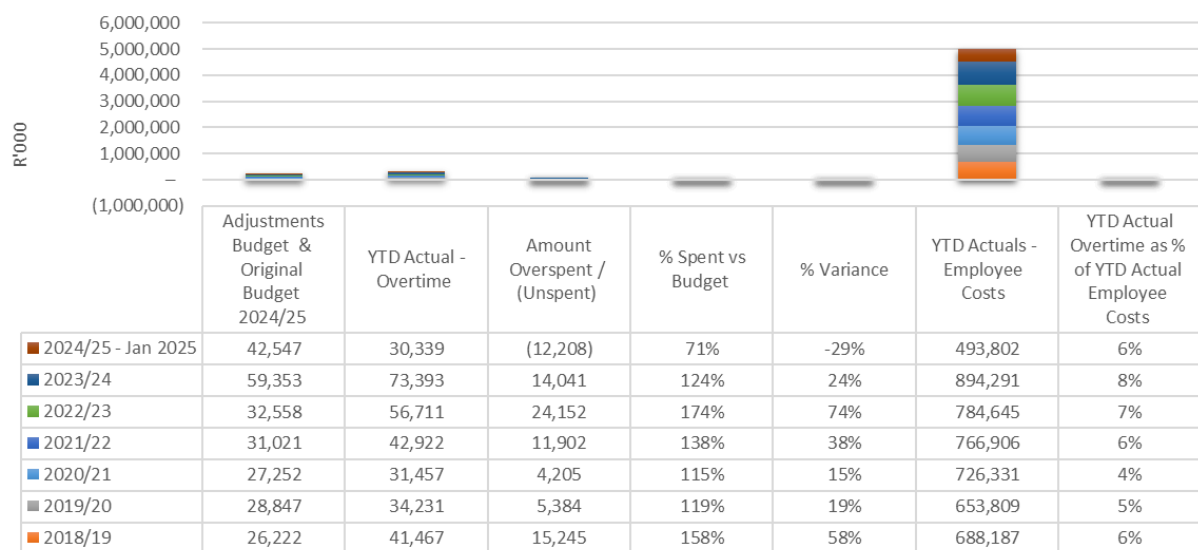
Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original Budget
MS: OVERTIME - NON STRUCTURED	33,762,000	4,528,297	28,057,696	83%
MS: OVERTIME - STRUCTURED	8,785,180	195,605	2,281,484	26%
Overtime as at 31 January 2025	42,547,180	4,723,902	30,339,180	71%

Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original Budget
20-EXECUTIVE AND COUNCIL	330,000	12,267	249,610	76%
21-MUNICIPAL AND GENERAL	-	-	-	
22-MUNICIPAL MANAGER	-	-	2,558	
23-CORPORATE SERVICES	1,937,000	422,398	2,374,079	123%
24-COMMUNITY SERVICES	17,190,180	1,660,193	9,879,143	57%
26-FINANCIAL SERVICES	1,021,000	212,307	2,175,593	213%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	877,000	117,983	806,558	92%
28-INFRASTRUCTURE SERVICES	21,192,000	2,298,754	14,851,637	70%
Overtime as at 31 January 2025	42,547,180	4,723,902	30,339,180	71%

Table 18: Current YTD Overtime expenditure excl Night-shift allowance

Overtime was previously capped at 30 hours across most units within the municipality and this has been re-instated and curbed to 40 hours across all sections. The YTD Overtime expenditure is 71% spent versus the Original budget, resulting in an unsatisfactory variance of 12.97% for the period under review, when compared to the ideal IYM percentage of 58.33%. This an early warning that the Overtime control implemented is probably not as effective and should be applied more stringently.

Chart 15.1: Overtime Actual vs Budget - 2017/18 to 2024/25



Indicated in Chart 15.1, is the actual Overtime versus Budget from 2018/19 to 2024/25 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

Indicated in Chart 15.2 is the monthly and annual Overtime comparison from August 2018 to January 2025. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. As reiterated, as a result of the lack in controls measures to curb Overtime, the YTD actual for 2023/24 financial year was R73,393 million. A 40-hour cap on Overtime has been instituted across all sections for 2024/25 financial year.

Chart 15.1: Overtime Actual vs Budget

Chart 15.2: Monthly and Annual Overtime Comparison - Jul 2018 to Jan 2025

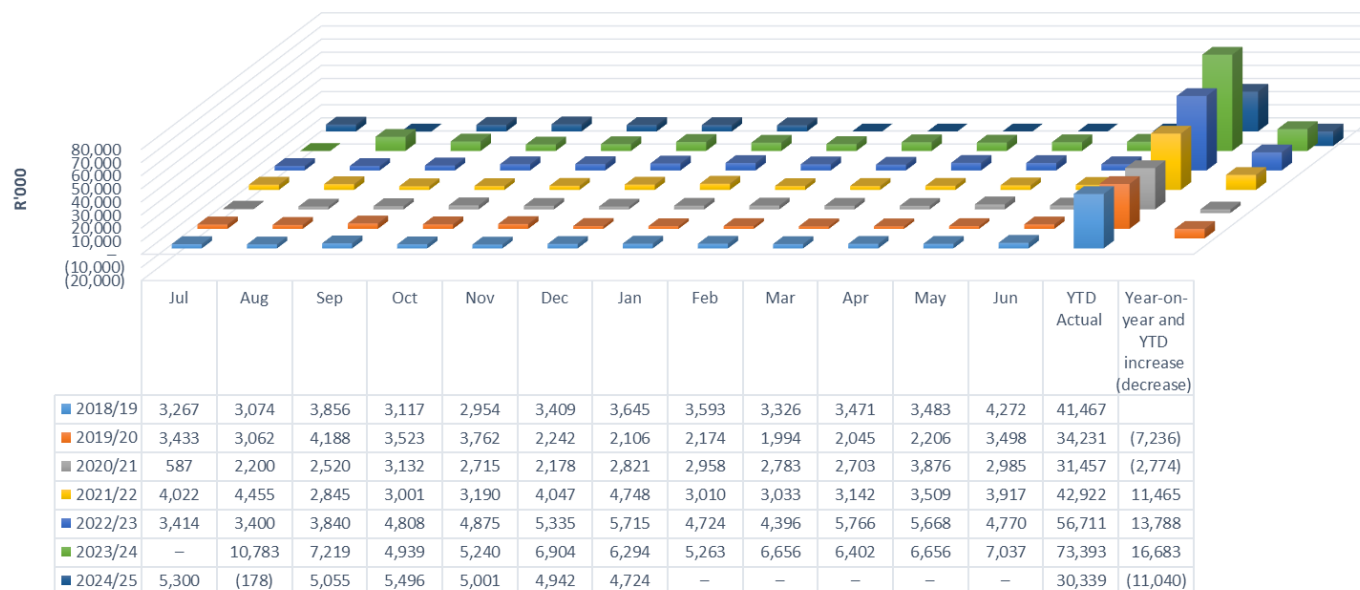


Chart 15.2: Monthly and Annual Overtime Comparison

The BTO office recommended the following precautionary measures.

- The monitoring of daily tasks/assignments. This means that work that can be done during normal working hours should be monitored closely. Ideally, put emphasis on performance and especially the quality of work done.
- Finding means to actually verify work performed, even if this means that for the first few questionable overtime work that managers/supervisors actually go out to the site, if possible.
- Using the vehicle tracking reports to ascertain the timespan at a particular site.
- Making sure that the hours claimed are legitimate and is actually consistent and correlates to the normal estimated time to complete a job of a similar nature.
- Request a detailed description of the nature of work done and insist on the exact site where work was performed being specified.
- Ensure that managers remain vigilant and question hours claimed and not just sign Overtime forms. We believe that this will make workers more aware that they cannot just claim hours like they did in the past.
- Stopping planned Overtime, unless it is to avoid major shutdowns or service interruptions.
- The adherence to the Overtime Policy stipulations, is imperative in order to address the issues on overtime.

Listed below are the challenges with regard to Overtime which was identified during the 2012/13 MTREF.

- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility.
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable.
- Ensuring the compliance and adherence to applicable laws and regulations and internal policies.
- Approval of Overtime prior to it being incurred.
- Inability to manage overtime proactively.
- To remain within the budgeted Overtime.
- Curbing / Limiting / Curtailing expenditure on Overtime.
- Monitoring expenditure on Overtime.
- Utilizing the available workforce optimally.
- Unduly compromising or hampering service delivery, which basically means that work that could have been done during normal hours is deliberately delayed so that work can be finalized after hours.
- Implementing an alternative method of compensation.
- Addressing the immediate infrastructure maintenance requirements, specifically addressing preventative maintenance.
- Ensuring and enhancing the lifespan of Property, plant and equipment.
- Improve both the personal productivity of individual employees and the overall productivity of departments and the entire municipal system.
- Difficult to track departmental overtime on more than a monthly or even quarterly basis, by then it's too late to take meaningful action to minimize overtime costs.

11. Material variances to the service delivery and budget implementation plan

Material variances pertaining to financial performance are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 31 March 2025.

12. Capital programme performance

Please refer to notes on Capital Expenditure in the Executive Summary. Section 4.3.

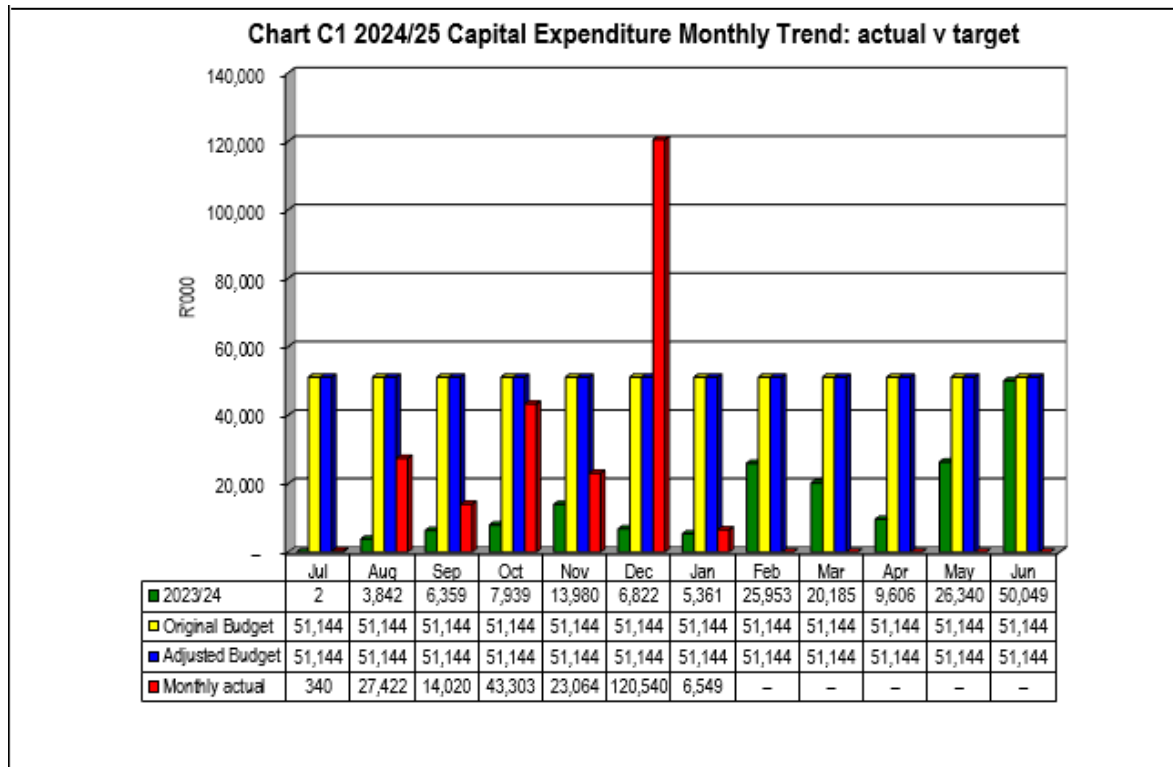


Chart 16.1: Capital Expenditure Monthly Trend: actual v target

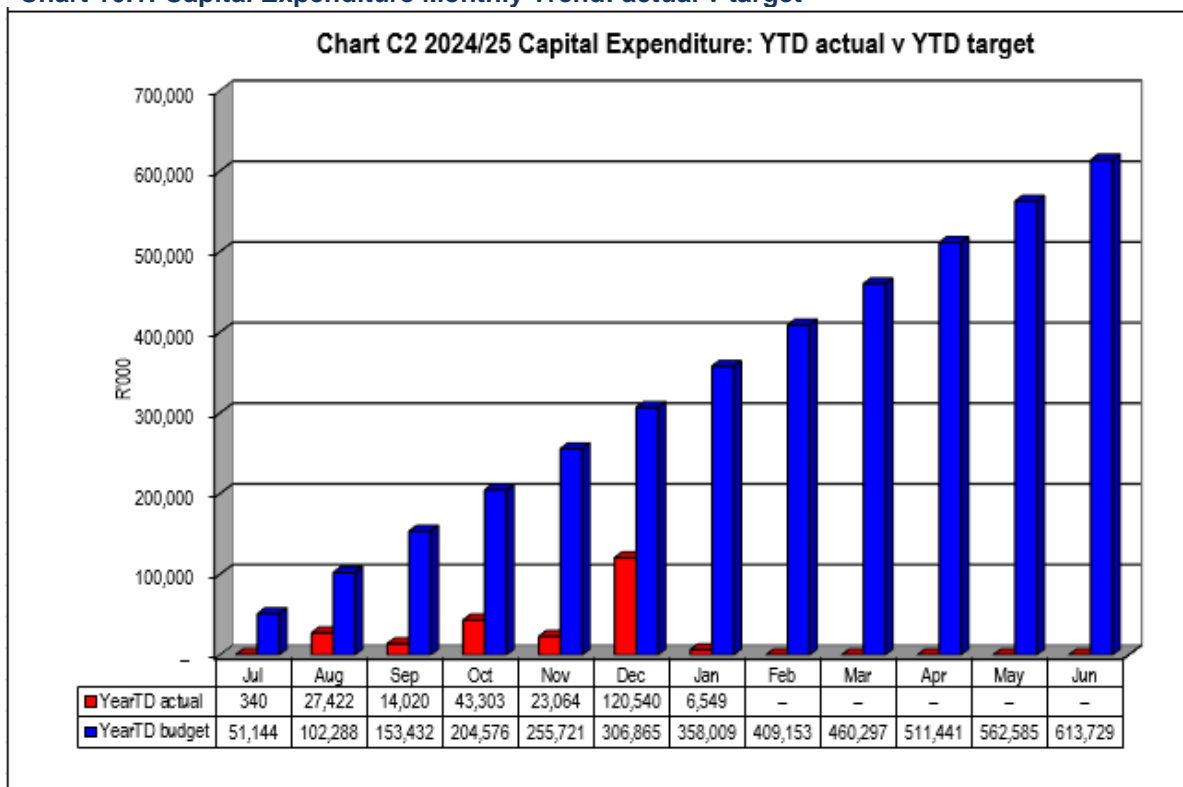


Chart 16.2: Capital Expenditure: YTD actual vs YTD target
Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

Projects per funding source (R'000)	Original Bud	Adjusted Bud	Monthly Actuals	YTD Actuals	Commitment s	% Original Bud	% Adjusted Bud
INTERNALLY GENERATED FUNDS	41,500	41,500	1,921	6,930	1,621	16.70%	16.70%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	4,500	4,500	16	182	667	4.03%	4.03%
ACQ-FLEET REPLACEMENT	3,000	3,000	–	–	–	0.00%	0.00%
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	500	500	–	145	–	28.90%	28.90%
CAPITAL SPARES-ACQ-PREPAID METERS	1,000	1,000	–	–	–	0.00%	0.00%
DSITRBUTION-ACQ-WAT METER REPLACEME	500	500	–	–	–	0.00%	0.00%
EMERGENCY LEAK REPAIR ON 6 MAJOR LEAKS	–	3,559	–	–	–	–	–
EMERGENCY METER INSTALLATIONS (PHASE 1)	20,466	–	–	–	–	0.00%	–
MR LEAK AND SLEAK DATA SYSTEM	484	1,484	18	208	–	43.02%	14.04%
NEW WTP MAJOR REFURBISH&AND BUILD WORKS	811	–	–	–	–	0.00%	–
PHDA PLANNING & SURVEYING	2,000	2,000	143	143	–	7.13%	7.13%
PIPE CONDITION ASSESS AND CATHOD PROTECT	479	2,177	–	373	–	77.82%	17.14%
RITCHIE SUBZONE SMART METER INSTALL	1,417	1,417	–	–	–	0.00%	0.00%
SMARTBALL SURVEY PRIORITY LEAK REPAIRS	–	13,964	1,635	5,160	–	–	36.95%
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	2,000	2,000	110	474	701	23.70%	23.70%
RUFURBISHMENT OF THE VINTAGE TRAM	1,500	1,500	–	246	–	16.38%	16.38%
PLANNING & DEVELOPMENT	1,500	1,500	–	–	253	0.00%	0.00%
RITCHIE PRIORITIZE LEAK DETECT & REPAIRS	1,342	–	–	–	–	0.00%	–
WASTE WATER RE-USE	–	2,400	–	–	–	–	0.00%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	75,229	75,229	1,592	30,289	6,807	40.26%	40.26%
P-CIER RDS ROADS	17,500	17,500	217	16,793	707	95.96%	95.96%
PROJECT MANAGEMENT	2,349	2,759	–	249	105	10.59%	9.01%
UPGRADE GRAVEL ROADS WARDS VARIOUS	17,500	9,000	1,056	5,850	1,439	33.43%	65.00%
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	3,500	3,500	–	–	–	–	–
SPECIALISED FLEET REPLACEMENT	5,000	5,000	–	3,102	–	62.04%	62.04%
P-CNIN COM F FIRE/AMBUL	1,500	–	–	–	–	0.00%	–
UPGRADING OF SWIMMING POOLS	6,000	–	–	–	–	0.00%	–
ABLUTIONS KENILWORTH&PHUTANANG CEMETERY	2,000	2,000	142	168	106	8.40%	8.40%
FENCING OF FRANK RORO CRICKET FIELD	2,210	2,210	–	1,490	–	67.41%	67.41%
REFURBISHMENT OF HALLS	5,000	5,000	–	525	–	10.50%	10.50%
LINING OF STORMWATER CHANNELS WARD 16	7,670	7,260	177	513	420	6.69%	7.07%
CONSTRUCTION OLD SINK TOILETS	5,000	5,000	–	261	–	5.22%	5.22%
FLEET REPLACEMENT	–	6,000	–	1,339	4,029	–	22.32%
CONSTR OF SEWER P/LINE IN PHOMOLONG W15	–	10,000	–	–	–	–	0.00%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	5,000	5,000	768	2,721	–	54.42%	54.42%
STREET LIGHTS REPLACE 125W MV with 36W L	5,000	5,000	768	2,721	–	54.42%	54.42%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	492,000	492,000	2,268	195,299	–	39.69%	39.69%
EAST BYPASS REPLACE OF CORRODE10KM LINE	15,126	–	–	–	–	0.00%	–
EASTERN BYPASS REPAIR COATING AND REFURB	11,521	–	–	–	–	0.00%	–
EMERGENCY METER INSTALLATIONS (PHASE 1)	–	20,466	146	13,120	–	–	64.11%
KBY BULK METERS & PRESSURE MANAGEMENT	17,026	19,153	–	8,789	–	51.62%	45.89%
KBY NETWORK LEAK DETECTION & REPAIR PH 1	20,483	11,483	616	1,705	–	8.32%	14.85%
KBY NETWORK LEAK DETECTION & REPAIR PH 2	29,346	19,346	–	2,795	–	9.53%	14.45%
NEW WTP CLHORINE & DOSING WORKS UPGRADE	27,630	22,630	259	9,991	–	36.16%	44.15%
NEW WTP MAJOR REFURBISH&AND BUILD WORKS	–	7,811	491	814	–	–	10.42%
NEW WTW FILTER REFURBISH&BACKWASH SYSTEM	39,640	35,640	–	7,665	–	–	21.51%
NEWTOWN RESERVOIR EMERGENCY LEAK REPAIRS	7,531	13,531	–	1,237	–	16.43%	9.14%
OLD WTP CLHORINE & DOSING WORKS UPGRADE	83,369	68,369	–	13,141	–	15.76%	19.22%
OLD WTP MAJOR REFURBISH AND BUILD WORKS	16,173	3,407	–	1,208	–	7.47%	35.47%
POWER; ABSTRACTION & PUMPSTATION REPAIRS	37,378	35,520	512	15,302	–	40.94%	43.08%
RIVERTON TO MIDSTATION BULK PIPELINE REP	27,828	16,828	–	9,161	–	32.92%	–
SMARTBALL SURVEY PRIORITY LEAK REPAIRS	18,290	–	–	–	–	0.00%	–
WEST BYPASS LEAK REPAIRS AND REFURBISH	10,574	–	–	–	–	0.00%	–
WEST BYPASS REPLACE OF CORRODED SECTION	5,368	–	–	–	–	0.00%	–
WTW OHS & SECURITY MANAGEMENT	9,230	14,453	243	894	–	9.68%	6.18%
RITCHIE WTW UPGRADE AND BULK PIPELINE	48,296	16,296	–	5,932	–	–	36.40%
RITCHIE PRIORITIZE LEAK DETECT & REPAIRS	–	6,601	–	755	–	–	11.43%
SEC3 1200NEW STEEL MIDSTATION-NEWTON RES	67,191	23,689	–	12,924	–	19.24%	54.56%
BULK 1200 ND STEEL PIPELINE MAT: MBSC1/6	–	142,000	–	89,607	–	–	63.10%
NEWTON RESERVOIR COMPLEX OHS & SECURITY	–	14,777	–	260	–	–	1.76%
Grand Total	613,729	613,729	6,549	235,239	8,427	38.33%	38.33%

Table 19: Detailed capital expenditure report

Indicated in Table 19 above, is a list of projects with the applicable funding source compared to the Original budget. Capital expenditure for January 2025 is low and requires constant monitoring from management to improve the final outcome. The actual monthly expenditure for January 2025 amounted to R6,549 million. The total YTD Capex amounts to R235,239 million. Please note that Commitments amounting to R8,427 million is excluded from the YTD actual. Capital expenditure is also exclusive of VAT. Spending on grants needs improvement. The percentage expenditure per funding source IUDG (40.26%), EEDSM (54.42%), RBIG (39.69%). Spending on Internally generated funds is also 16.70% spent. Implementation of projects is normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement of procurement processes is not aligned to the budget approval and specifications are not done early so that it can be advertised timeously.

13. Other supporting documents

Additional information or supporting documentation for January 2025.

Monthly Debt Relief Non-Compliance Report accompanied by the Municipal Debt Relief Compliance Certificate issued by National Treasury for November and December 2024. Please note that for the reporting month of December 2024, the draft report for November 2024 was included.

The municipality's self-assessment for the month of January 2025.

14. Conclusion

This report meets the MFMA requirement for the Executive Mayor to receive the Section 71 'Monthly Budget Statement' within 10 working days after the end of the month.

Communication

In compliance to legislative requirements (Section 71 of the MFMA), this document is provided to all stakeholders by placing it on the Sol Plaatje municipal website: www.solplaatje.org.za or can be viewed or downloaded from the following link:

<http://www.solplaatje.org.za/Aboutus/Pages/Documents.aspx>

MFMA S71 statement hereby explicitly advise as part of the MFMA Circular 124: Condition 6.9 reporting, risk associated and mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget

1. These are the risks associated with the implementation of the municipality's Budget Funding Plan and / or Funded Budget

The following are the budget and other financial risks/issues identified:

- New charges (basic and capacity charges) regarding electricity must be resolved by Council – huge financial loss (possible recovery plan is needed)
- Non-implementation of basic and capacity charges as approved by NERSA
- Water and Electricity losses
- Collection on arrear debtors and liquidity of the Municipality
- The municipality not meeting the average daily cash collection target
- Billing in general
- Arrear debt owed to ESKOM and Dept of Water & Sanitation (DWS)
- Defaulting on the high months and partial payments to ESKOM and DWS
- Non-adherence to the debt agreement with DWS and the payment arrangement with ESKOM
- Non-compliance to MFMA Circular 124 Municipal Debt Relief and prescribed conditions
- National Treasury not approving the first third of the debt to be written-off, due to consistent non-compliance
- The municipality being removed from the Municipal Debt Relief programme and forfeiting the municipal debt write-off benefit of R744 million
- Not being able to properly ring-fence funds for electricity and water, due to the poorer collection rate
- No mitigation plan in place to deal with the Eskom accounts for the high months
- Notice of disconnection from ESKOM
- Eskom taking further action in recovering outstanding debt and attaching the municipality's bank account
- Risk of forfeiting the municipality's NERSA license and the serious implications this will have on the operations of the municipality
- Insufficient cash to pay salaries, third-party salary payments and creditors for goods and services rendered
- Capex funding from internally generated funds
- Capital expenditure and capital grant dependency.
- Stopping of conditional capital grants.
- Disapproval of rollover requests

- The billed income of electricity and water in rand values are below the budgeted amounts which puts additional pressure on the budget and cash flow.
 - The municipality is facing a huge financial crisis. If drastic measures are not taken immediately because the cash flow is on the verge of collapsing.
 - Issues pertaining to Employee related costs, Overtime expenditure, Contract appointments and EPWP Expenditure
2. These are the mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget
- The ring-fencing of cash received for Electricity and Water and Sanitation is accounted for on a daily basis in compliance to MFMA Circular 124. This has enabled the municipality to settle the Eskom current account in full for 9 consecutive months. The municipality settled all invoices for 2023/24 financial year due to DWS.
 - The municipality reduced the arrear debt to DWS by R71,775 million for the 2023/24 financial year.
 - A temporary moratorium on recruitment has been instituted, where the filling of all vacant and funded positions has been suspended with immediate effect, only critical vacant and funded positions will be filled.
 - An interim moratorium has been implemented on the sale of leave. Sale of leave to settle municipal accounts will no longer be permitted.
 - Overtime has been capped to 40 hours across all sections.
 - Strengthening the PMU to aid in the successful implementation of capital projects to address the poor performance on grants.
 - Approved the Smart Prepaid Meter Policy.
 - Applied for the Smart Meter Grant which the municipality was approved for. Project is underway.
 - Approval has been granted by National Treasury to partake in the RT29 Smart meter transversal contract.
 - The municipality budgeted R80,717 million for meters over the 2024/25 MTREF.
 - Exploring the avenue of blacklisting defaulting consumers.
 - Introducing automated payments through EasyPay solution.
 - Focusing on the top 500 debtors on a monthly basis.
 - The commencing of debt collection action in January 2025, by four debt collection companies that was appointed by the municipality.
 - Engaging government departments and monitor government debt in an aid to strengthen relationships.
 - Assistance from National Treasury, who facilitated a meeting between the municipality, Department of Public works and Provincial Treasury.

15. Annexure A: C-schedules

Prescribed Tables in terms of Municipal Budget and Reporting Regulations GG 32141 of 17 April 2009

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M07 January

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	656,442	687,320	687,320	50,507	461,191	400,936	60,254	15%	687,320
Service charges	1,331,093	1,611,046	1,611,046	129,998	881,451	939,777	(58,325)	-6%	1,611,046
Investment revenue	16,116	9,000	9,000	2,440	11,219	5,250	5,969	114%	9,000
Transfers and subsidies - Operational	501,707	299,271	299,271	375	213,493	174,575	38,918	0	299,271
Other own revenue	419,726	351,642	351,642	27,044	231,804	205,124	26,680	13%	—
Total Revenue (excluding capital transfers and contributions)	2,925,084	2,958,278	2,958,278	210,364	1,799,158	1,725,662	73,496	4%	2,958,278
Employee costs	894,291	950,863	950,863	68,542	493,802	554,672	(60,870)	-11%	950,863
Remuneration of Councillors	33,869	37,077	37,077	4,364	20,713	21,628	(915)	-4%	37,077
Depreciation and amortisation	76,441	89,700	89,700	—	44,850	52,325	(7,475)	-14%	89,700
Interest	122,651	17,774	17,774	1	9,182	10,368	(1,186)	-11%	17,774
Inventory consumed and bulk purchases	1,057,341	1,216,905	1,216,905	132,163	669,041	720,872	(51,832)	-7%	1,216,905
Transfers and subsidies	2,526	3,660	3,660	625	1,259	2,135	(876)	-41%	3,660
Other expenditure	610,300	612,526	612,526	20,356	345,594	357,309	(11,715)	-3%	612,526
Total Expenditure	2,797,419	2,928,505	2,928,505	226,052	1,584,441	1,719,310	(134,869)	-8%	2,928,505
Surplus/(Deficit)	127,665	29,774	29,774	(15,688)	214,717	6,352	208,365	3280%	29,774
Transfers and subsidies - capital (monetary)	159,040	572,229	572,229	4,061	261,501	333,800	###	-22%	572,229
Transfers and subsidies - capital (in-kind)	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	40%	602,003
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	40%	602,003
Capital expenditure & funds sources									
Capital expenditure	176,438	613,729	613,729	6,549	235,239	358,009	(122,770)	-34%	613,729
Capital transfers recognised	147,356	572,229	572,229	4,628	228,309	333,800	(105,492)	-32%	572,229
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	29,082	41,500	41,500	1,921	6,930	24,208	(17,279)	-71%	41,500
Total sources of capital funds	176,438	613,729	613,729	6,549	235,239	358,009	(122,770)	-34%	613,729
Financial position									
Total current assets	2,664,713	2,491,688	2,491,688		3,085,918				2,491,688
Total non current assets	2,360,035	2,874,231	2,874,231		2,550,424				2,874,231
Total current liabilities	929,932	1,523,552	1,523,552		1,072,409				1,523,552
Total non current liabilities	1,111,983	410,208	410,208		1,104,882				410,208
Community wealth/Equity	2,982,833	3,432,159	3,432,159		3,459,051				3,432,159
Cash flows									
Net cash from (used) operating	(521,938)	598,846	598,846	(45,374)	340,756	349,327	8,571	2%	598,846
Net cash from (used) investing	(159,367)	(613,729)	(613,729)	(6,549)	(233,953)	(358,009)	(124,055)	35%	(613,729)
Net cash from (used) financing	660,387	(12,788)	(12,788)	13	95	(7,459)	(7,554)	101%	(12,788)
Cash/cash equivalents at the month/year end	(130,455)	(128,487)	(128,487)	220,624	220,624	(116,958)	(337,582)	289%	86,056
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	183,975	119,568	107,767	93,863	85,262	83,462	484,765	#####	4,056,353
Creditors Age Analysis									
Total Creditors	146,636	23,309	63,338	20,323	1,768	56,711	2,958	927,305	1,242,347

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		1,257,109	1,689,473	1,689,473	67,207	1,038,682	985,526	53,156	5%	1,689,473
Executive and council		549,361	972,401	972,401	17,312	557,445	567,234	(9,789)	-2%	972,401
Finance and administration		707,747	717,072	717,072	49,895	481,237	418,292	62,945	15%	717,072
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		48,267	42,989	42,989	3,438	22,541	25,077	(2,536)	-10%	42,989
Community and social services		12,642	12,138	12,138	299	2,462	7,080	(4,618)	-65%	12,138
Sport and recreation		2,639	2,720	2,720	373	1,274	1,587	(312)	-20%	2,720
Public safety		276	540	540	85	555	315	240	76%	540
Housing		28,843	27,501	27,501	2,682	18,249	16,042	2,207	14%	27,501
Health		3,867	90	90	—	—	53	(53)	-100%	90
Economic and environmental services		37,710	18,976	18,976	452	7,520	11,069	(3,549)	-32%	18,976
Planning and development		22,952	5,956	5,956	283	5,574	3,474	2,099	60%	5,956
Road transport		14,758	13,020	13,020	169	1,947	7,595	(5,648)	-74%	13,020
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		1,730,934	1,767,977	1,767,977	142,751	985,522	1,031,320	(45,797)	-4%	1,767,977
Energy sources		1,163,247	1,164,299	1,164,299	82,746	594,425	679,174	(84,750)	-12%	1,164,299
Water management		352,402	398,115	398,115	38,701	244,691	232,234	12,457	5%	398,115
Waste water management		121,173	118,290	118,290	12,152	83,591	69,002	14,589	21%	118,290
Waste management		94,112	87,272	87,272	9,151	62,816	50,909	11,907	23%	87,272
Other	4	10,104	11,092	11,092	577	6,394	6,470	(77)	-1%	11,092
Total Revenue - Functional	2	3,084,125	3,530,507	3,530,507	214,426	2,060,659	2,059,462	1,197	0%	3,530,507
Expenditure - Functional										
Governance and administration		734,453	755,594	755,594	40,996	409,880	440,766	(30,885)	-7%	755,594
Executive and council		472,647	477,043	477,043	23,136	261,434	278,276	(16,841)	-6%	477,043
Finance and administration		256,237	271,754	271,754	17,538	145,706	158,525	(12,819)	-8%	271,754
Internal audit		5,569	6,797	6,797	322	2,740	3,965	(1,225)	-31%	6,797
Community and public safety		201,954	207,313	207,313	15,762	110,957	120,934	(9,977)	-8%	207,313
Community and social services		48,586	49,027	49,027	3,673	26,768	28,599	(1,831)	-6%	49,027
Sport and recreation		66,863	63,043	63,043	5,305	36,204	36,775	(572)	-2%	63,043
Public safety		44,135	45,933	45,933	3,335	23,759	26,795	(3,036)	-11%	45,933
Housing		21,956	28,042	28,042	1,953	13,061	16,358	(3,297)	-20%	28,042
Health		20,412	21,267	21,267	1,496	11,165	12,406	(1,241)	-10%	21,267
Economic and environmental services		170,731	183,093	183,093	12,786	102,200	106,805	(4,606)	-4%	183,093
Planning and development		46,192	55,644	55,644	3,739	27,920	32,460	(4,540)	-14%	55,644
Road transport		123,669	126,551	126,551	8,975	73,736	73,822	(85)	0%	126,551
Environmental protection		870	898	898	72	543	524	20	4%	898
Trading services		1,666,267	1,753,665	1,753,665	154,599	947,045	1,033,982	(86,937)	-8%	1,753,665
Energy sources		1,101,328	1,151,651	1,151,651	112,104	617,772	682,807	(65,035)	-10%	1,151,651
Water management		363,718	395,412	395,412	30,429	215,370	230,657	(15,287)	-7%	395,412
Waste water management		122,085	119,433	119,433	6,595	69,454	69,669	(215)	0%	119,433
Waste management		79,136	87,170	87,170	5,471	44,449	50,849	(6,400)	-13%	87,170
Other		24,014	28,839	28,839	1,909	14,359	16,823	(2,464)	-15%	28,839
Total Expenditure - Functional	3	2,797,419	2,928,505	2,928,505	226,052	1,584,441	1,719,310	(134,869)	-8%	2,928,505
Surplus/ (Deficit) for the year		286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	0.400015	602,003

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-		-
Vote 02 - Municipal And General		549,361	972,401	972,401	17,312	557,445	567,234	(9,789)	-1.7%	972,401
Vote 03 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 04 - Corporate Services		5,391	6,161	6,161	320	3,423	3,594	(172)	-4.8%	6,161
Vote 05 - Community Services		134,820	124,361	124,361	10,576	74,364	72,544	1,820	2.5%	124,361
Vote 06 - Financial Services		701,887	710,111	710,111	49,521	477,430	414,231	63,199	15.3%	710,111
Vote 07 - Strategy Econ Development And Planning		26,098	8,368	8,368	346	6,555	4,881	1,674	34.3%	8,368
Vote 08 - Infrastructure And Services		1,666,568	1,709,105	1,709,105	136,351	941,442	996,978	(55,536)	-5.6%	1,709,105
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	3,084,125	3,530,507	3,530,507	214,426	2,060,659	2,059,462	1,197	0.1%	3,530,507
Expenditure by Vote	1									
Vote 01 - Executive & Council		59,615	60,855	60,855	6,275	34,554	35,499	(945)	-2.7%	60,855
Vote 02 - Municipal And General		400,410	403,603	403,603	16,009	216,947	235,435	(18,488)	-7.9%	403,603
Vote 03 - Municipal Manager		24,274	27,854	27,854	1,765	17,202	16,249	953	5.9%	27,854
Vote 04 - Corporate Services		71,184	82,140	82,140	4,208	40,947	47,916	(6,969)	-14.5%	82,140
Vote 05 - Community Services		321,918	337,272	337,272	24,280	180,315	196,743	(16,428)	-8.3%	337,272
Vote 06 - Financial Services		134,722	166,217	166,217	10,192	79,617	96,961	(17,344)	-17.9%	166,217
Vote 07 - Strategy Econ Development And Planning		60,672	67,813	67,813	4,152	31,144	39,558	(8,414)	-21.3%	67,813
Vote 08 - Infrastructure And Services		1,724,624	1,782,750	1,782,750	159,170	983,714	1,050,949	(67,235)	-6.4%	1,782,750
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	2,797,419	2,928,505	2,928,505	226,052	1,584,441	1,719,310	(134,869)	-7.8%	2,928,505
Surplus/ (Deficit) for the year	2	286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	40.0%	602,003

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		886,092	1,099,199	1,099,199	80,743	563,047	641,200	(78,153)	-12%	1,099,199
Service charges - Water		276,094	343,685	343,685	32,519	202,731	200,483	2,248	1%	343,685
Service charges - Waste Water Management		93,794	95,890	95,890	9,568	66,032	55,936	10,097	18%	95,890
Service charges - Waste management		75,114	72,271	72,271	7,168	49,641	42,158	7,483	18%	72,271
Sale of Goods and Rendering of Services		15,100	15,955	15,955	1,112	10,858	9,307	1,550	17%	15,955
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		258,041	120,030	120,030	13,729	94,324	70,017	24,306	35%	120,030
Interest from Current and Non Current Assets		16,116	9,000	9,000	2,440	11,219	5,250	5,969	114%	9,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		28,851	27,740	27,740	2,649	18,328	16,182	2,147	13%	27,740
Licence and permits		670	1,200	1,200	45	387	700	(313)	-45%	1,200
Operational Revenue		3,202	3,773	3,773	287	1,657	2,201	(544)	-25%	3,773
Non-Exchange Revenue										
Property rates		656,442	687,320	687,320	50,507	461,191	400,936	60,254	15%	687,320
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		56,767	32,143	32,143	(984)	16,750	18,750	(2,000)	-11%	32,143
Licence and permits		6,500	8,000	8,000	499	5,257	4,667	590	13%	8,000
Transfers and subsidies - Operational		501,707	299,271	299,271	375	213,493	174,575	38,918	22%	299,271
Interest		-	91,900	91,900	8,837	60,109	53,608	6,501	12%	91,900
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		49,299	50,900	50,900	869	22,715	29,692	(6,976)	-23%	50,900
Gains on disposal of Assets		17,071	-	-	-	1,285	-	1,285	#DIV/0!	-
Other Gains		(15,774)	-	-	-	133	-	133	#DIV/0!	-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)										
		2,925,084	2,958,278	2,958,278	210,364	1,799,158	1,725,662	73,496	4%	2,958,278
Expenditure By Type										
Employee related costs		894,291	950,863	950,863	68,542	493,802	554,672	(60,870)	-11%	950,863
Remuneration of councillors		33,869	37,077	37,077	4,364	20,713	21,628	(915)	-4%	37,077
Bulk purchases - electricity		787,457	897,300	897,300	102,101	490,162	534,435	(44,273)	-8%	897,300
Inventory consumed		269,884	319,605	319,605	30,062	178,879	186,437	(7,559)	-4%	319,605
Debt impairment		333,146	355,246	355,246	-	177,623	207,227	(29,604)	-14%	355,246
Depreciation and amortisation		76,441	89,700	89,700	-	44,850	52,325	(7,475)	-14%	89,700
Interest		122,651	17,774	17,774	1	9,182	10,368	(1,186)	-11%	17,774
Contracted services		45,090	40,731	40,731	2,452	29,036	23,760	5,277	22%	40,731
Transfers and subsidies		2,526	3,660	3,660	625	1,259	2,135	(876)	-41%	3,660
Irrecoverable debts written off		-	-	-	1	2	-	2	#DIV/0!	-
Operational costs		142,363	151,549	151,549	17,904	100,897	88,405	12,492	14%	151,549
Losses on Disposal of Assets		1,022	-	-	-	-	-	-	-	-
Other Losses		88,679	65,000	65,000	-	38,036	37,917	119	0%	65,000
Total Expenditure										
		2,797,419	2,928,505	2,928,505	226,052	1,584,441	1,719,310	(134,869)	-8%	2,928,505
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		127,665	29,774	29,774	(15,688)	214,717	6,352	208,365	0	29,774
Transfers and subsidies - capital (in-kind)		159,040	572,229	572,229	4,061	261,501	333,800	(72,300)	(0)	572,229
		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions										
Income Tax		286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	0	602,003
Surplus/(Deficit) after income tax										
Share of Surplus/Deficit attributable to Joint Venture		286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	0	602,003
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality										
Share of Surplus/Deficit attributable to Associate		286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	0	602,003
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year										
		286,705	602,003	602,003	(11,626)	476,218	340,152	136,066	0	602,003

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

R0091-001 Page - Table 03 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Nov January										
Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		-	1,500	-	-	-	313	(313)	-100%	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	5,000	5,000	-	525	2,917	(2,392)	-82%	5,000
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		24,020	2,000	2,000	143	143	1,167	(1,024)	-88%	2,000
Vote 08 - Infrastructure And Services		105,329	533,450	568,199	6,121	226,596	324,210	(97,614)	-30%	568,199
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	129,348	541,950	575,199	6,263	227,264	328,606	(101,342)	-31%	575,199
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		12,646	23,000	23,000	268	5,409	13,417	(8,007)	-60%	23,000
Vote 03 - Municipal Manager		-	2,349	2,759	-	249	1,524	(1,275)	-84%	2,759
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	2,210	2,210	-	1,490	1,289	201	16%	2,210
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		-	3,000	3,000	-	246	1,750	(1,504)	-86%	3,000
Vote 08 - Infrastructure And Services		34,444	41,220	7,561	18	581	11,423	(10,841)	-95%	7,561
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	47,089	71,779	38,530	286	7,975	29,403	(21,428)	-73%	38,530
Total Capital Expenditure		176,438	613,729	613,729	6,549	235,239	358,009	(122,770)	-34%	613,729
Capital Expenditure - Functional Classification										
Governance and administration		12,646	24,500	23,000	268	5,409	13,729	(8,320)	-61%	23,000
Executive and council		12,646	24,500	23,000	268	5,409	13,729	(8,320)	-61%	23,000
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	7,210	7,210	-	2,015	4,206	(2,191)	-52%	7,210
Community and social services		-	5,000	5,000	-	525	2,917	(2,392)	-82%	5,000
Sport and recreation		-	2,210	2,210	-	1,490	1,289	201	16%	2,210
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		69,228	48,519	40,019	1,592	23,547	25,115	(1,569)	-6%	40,019
Planning and development		24,020	5,849	6,259	143	391	3,566	(3,175)	-89%	6,259
Road transport		45,208	42,670	33,760	1,450	23,156	21,550	1,606	7%	33,760
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		94,564	532,000	542,000	4,688	204,022	314,083	(110,061)	-35%	542,000
Energy sources		27,354	6,000	6,000	768	2,721	3,500	(779)	-22%	6,000
Water management		62,534	517,500	517,500	3,920	201,040	301,875	(100,835)	-33%	517,500
Waste w ater management		4,676	8,500	18,500	-	261	8,708	(8,447)	-97%	18,500
Waste management		-	-	-	-	-	-	-	-	-
Other		-	1,500	1,500	-	246	875	(629)	-72%	1,500
Total Capital Expenditure - Functional Classification	3	176,438	613,729	613,729	6,549	235,239	358,009	(122,770)	-34%	613,729
Funded by:										
National Government		124,283	572,229	572,229	4,628	228,309	333,800	(105,492)	-32%	572,229
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		6,000	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov		-	-	-	-	-	-	-	-	-
Departm Agencies, Households, Non-profit Institutions, Private Enterprises,		-	-	-	-	-	-	-	-	-
Public Corporatons, Higher Educ Institutions)		17,073	-	-	-	-	-	-	-	-
Transfers recognised - capital		147,356	572,229	572,229	4,628	228,309	333,800	(105,492)	-32%	572,229
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds	6	29,082	41,500	41,500	1,921	6,930	24,208	(17,279)	-71%	41,500
Total Capital Funding		176,438	613,729	613,729	6,549	235,239	358,009	(122,770)	-34%	613,729

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2023/24	Budget Year 2024/25			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		113,726	73,147	73,147	175,141	73,147
Trade and other receivables from exchange transactions		1,422,525	1,274,325	1,274,325	1,615,955	1,274,325
Receivables from non-exchange transactions		860,075	927,844	927,844	986,975	927,844
Current portion of non-current receivables		–	–	–	–	–
Inventory		112,013	60,701	60,701	117,205	60,701
VAT		155,736	155,542	155,542	189,890	155,542
Other current assets		638	129	129	751	129
Total current assets		2,664,713	2,491,688	2,491,688	3,085,918	2,491,688
Non current assets						
Investments						
Investment property		201,266	221,645	221,645	201,733	221,645
Property, plant and equipment		2,100,106	2,625,801	2,625,801	2,292,032	2,625,801
Biological assets						
Living and non-living resources						
Heritage assets		12,071	13,571	13,571	12,317	13,571
Intangible assets		46,592	13,214	13,214	44,342	13,214
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		2,360,035	2,874,231	2,874,231	2,550,424	2,874,231
TOTAL ASSETS		5,024,748	5,365,919	5,365,919	5,636,342	5,365,919
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	(14,788)	(14,788)	–	(14,788)
Consumer deposits		48,699	49,570	49,570	50,081	49,570
Trade and other payables from exchange transactions		642,151	1,286,802	1,286,802	555,276	1,286,802
Trade and other payables from non-exchange transactions		4,057	–	–	159,322	–
Provision		788	788	788	788	788
VAT		234,236	201,179	201,179	306,943	201,179
Other current liabilities		–	–	–	–	–
Total current liabilities		929,932	1,523,552	1,523,552	1,072,409	1,523,552
Non current liabilities						
Financial liabilities		808,076	152,895	152,895	800,974	152,895
Provision		303,908	257,313	257,313	303,908	257,313
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		1,111,983	410,208	410,208	1,104,882	410,208
TOTAL LIABILITIES		2,041,915	1,933,760	1,933,760	2,177,291	1,933,760
NET ASSETS	2	2,982,833	3,432,159	3,432,159	3,459,051	3,432,159
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		2,908,029	3,368,093	3,368,093	3,384,247	3,368,093
Reserves and funds		74,804	64,066	64,066	74,804	64,066
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	2,982,833	3,432,159	3,432,159	3,459,051	3,432,159

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M07 January


Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		507,798	676,122	676,122	33,024	261,378	394,404	(133,027)	-34%	676,122
Service charges		1,185,680	1,513,446	1,513,446	107,856	743,234	882,844	(139,610)	-16%	1,513,446
Other revenue		(54,233)	92,337	92,337	46,402	736,398	53,863	682,535	1267%	92,337
Transfers and Subsidies - Operational		306,662	299,271	299,271	1,800	219,494	174,575	44,919	26%	299,271
Transfers and Subsidies - Capital		142,936	572,229	572,229	1,800	410,764	333,800	76,964	23%	572,229
Interest		3,927	9,000	9,000	1,744	17,712	5,250	12,462	237%	9,000
Dividends								-		
Payments										
Suppliers and employees		(2,614,989)	(2,545,784)	(2,545,784)	(238,000)	(2,050,344)	(1,485,041)	565,304	-38%	(2,545,784)
Interest		281	(17,774)	(17,774)	-	2,121	(10,368)	(12,489)	120%	(17,774)
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(521,938)	598,846	598,846	(45,374)	340,756	349,327	8,571	2%	598,846
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		17,071	-	-	-	1,285	-	1,285	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(176,438)	(613,729)	(613,729)	(6,549)	(235,239)	(358,009)	(122,770)	34%	(613,729)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(159,367)	(613,729)	(613,729)	(6,549)	(233,953)	(358,009)	(124,055)	35%	(613,729)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing		661,955	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		(1,569)	2,000	2,000	13	95	1,167	(1,072)	-92%	2,000
Payments										
Repayment of borrowing		-	(14,788)	(14,788)	-	-	(8,626)	(8,626)	100%	(14,788)
NET CASH FROM/(USED) FINANCING ACTIVITIES		660,387	(12,788)	(12,788)	13	95	(7,459)	(7,554)	101%	(12,788)
NET INCREASE/ (DECREASE) IN CASH HELD		(20,918)	(27,670)	(27,670)	(51,910)	106,898	(16,141)			(27,670)
Cash/cash equivalents at beginning:		(109,536)	(100,817)	(100,817)	272,534	113,726	(100,817)			113,726
Cash/cash equivalents at month/year end:		(130,455)	(128,487)	(128,487)	220,624	220,624	(116,958)			86,056

The BTO made a concerted effort to align the Cash and equivalents of A6 and A7 for the Original budget for 2024/25 financial year, by relooking at the mapping as advised by NT and BCX.

However, there are some errors that must be resolved so that the monthly and YTD actuals populate correctly. The Cash and Cash equivalents on C7 is slightly overstated. **As per C6, the Cash and cash equivalents is R175,141 million as per the Cash book balance.**

16. Annexure B: Compliance with the conditions for Municipal Debt Relief

16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment

Annexure A2 - Monthly			
 <div> National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003 </div>			
Municipality Self-Assessment			
Certificate of Compliance: Municipal Debt Relief Conditions for Application			
Period	Jan '25		
National Financial Year	2024/25		
Demarcation Code of Municipality being assessed	NC091		
District	Frances Baard		
Demarcation Description	Sol Plaatje		
<p>I, Bartholomew Mattala Municipal Manager, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:</p>			
Municipal Debt Relief Conditions (Monthly reporting)			
<p>Choose from drop down list</p>			
Condition	6.3 + 6.12	Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ?	No
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Yes
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	Yes
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ?	Yes
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes
7	6.4	Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)	2024/25 Adopted MTREF
8	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	Yes
9	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
10	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to balance the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i>	Yes
11	6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - If the municipality merely used the depreciation and asset impairment to "balance" the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>	N/A - the MTREF is funded
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/A
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.)?	Yes
14	6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes

Notes/Comments

	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:		
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	No	
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.</i>	No	
	6.6	Supporting evidence: The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.		
	6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter	
		<i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i>		
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :		
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1.	not yet the end of a quarter	
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and</u> the reason(s) for the failure?	not yet the end of a quarter	
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	Total smart prepaid meter installations January 2025 = 5,954 YTD installations = 8,387
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes	
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
	6.8	Municipality's Completeness of the revenue base –		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes	
28	6.8.2	- For the latest ending Quarter - Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za ?	Yes	

6.9 Monitor and report on implementation –		
29	6.9.1	<p>- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?</p> <p>Yes</p>
30	6.9.2	<p>- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?</p> <p><i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i></p> <p>Yes</p>
31	6.9.3	<p>- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?</p> <p>No FRP</p>
32	6.9.4	<p>- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?</p> <p>No FRP</p> <p><i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i></p>
<p>6.10 Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:</p>		
33	6.10.1	<p>- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?</p> <p>Yes</p>
34	6.10.2	<p>- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?</p> <p><i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i></p> <p>Yes</p>
35	6.10.3	<p>- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?</p> <p>No</p> <p><i>Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.</i></p>
36	6.11	<p>Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?</p> <p>No</p> <p><i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124; condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i></p>
<p>6.12 For the duration of the Municipal Debt Relief (to ensure proper management of resources):</p>		
37	6.12.1	<p>- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?</p> <p>No</p>
38	6.12.2	<p>- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?</p> <p>No</p> <p><i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i></p>
39		<p>Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.</p> <p>Yes</p>
40	6.13	<p>Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date?</p> <p><i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i></p> <p>Yes</p>
41	6.14	<p>'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?</p> <p>Yes</p> <p><i>Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i></p>

PT: HOD/ NT / MM Name: BS Matlala

Signature of HOD/ NT/ MM: _____

Date: _____

****Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procurator of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.**

****Note – The Signed Certificate to be uploaded on Gomuni must not include comments column - comments need to be incorporated into the related PT report**

16.2 Municipal Debt Relief Performance across the period of debt relief participation

The tables below show the municipality's overall relief compliance across the months of its debt relief participation since the National Treasury debt relief approval effective from 1 October 2023 to 31 January 2025.

Monthly Performance Report																																															
Municipal Details			Part A				Part B				Part C		Part D				Part C								Part E				Part F																		
			Eskom And Bulk water current account				Compliance with a funded MTREF				FRP/BFP & Tariff Assessment		Electricity and water as collection tools				Quarterly collection of property rates and services charges				Maximization of Revenue Base				Oversight				Compliance Status																		
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Compliance Status		
1.Jul 2024	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	90%	Non Compliance	
2.Aug 2024	Sol Plaatje	NC091	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	88%	Non Compliance
3.Sep 2024	Sol Plaatje	NC091	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	70%	Non Compliance
4.Oct 2023	Sol Plaatje	NC091	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	No	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	50%	Non Compliance
5.Nov 2023	Sol Plaatje	NC091	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	No	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	80%	Non Compliance
6.Dec 2023	Sol Plaatje	NC091	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	70%	Non Compliance
7.Jan 2024	Sol Plaatje	NC091	Yes	Yes	No	No	No	Yes	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	80%	Non Compliance
8.Feb 2024	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	88%	Non Compliance
9.Mar 2024	Sol Plaatje	NC091	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	73%	Non Compliance
10.Apr 2024	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	85%	Non Compliance
11.May 2024	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	90%	Non Compliance
12.Jun 2024	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	78%	Non Compliance

Monthly Performance Report																																														
Municipal Details			Part A						Part B					Part C		Part D				Part C							Maximization of Revenue Base			Part E											Part F					
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment		Electricity and water as collection tools				Quarterly collection of property rates and services charges										Oversight											Compliance Status					
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score		
1.July	Sol Plaatje	NC091																																										0%	Non Compliance	
2.August	Sol Plaatje	NC091																																											0%	Non Compliance
3.September	Sol Plaatje	NC091																																											0%	Non Compliance
4.October '24	Sol Plaatje	NC091																																											88%	Non Compliance
5.November '24	Sol Plaatje	NC091																																											85%	Non Compliance
6.December	Sol Plaatje	NC091																																											68%	Non Compliance
7.January	Sol Plaatje	NC091																																											83%	Non Compliance
8.February	Sol Plaatje	NC091																																											0%	Non Compliance
9.March	Sol Plaatje	NC091																																											0%	Non Compliance
10.April	Sol Plaatje	NC091																																											0%	Non Compliance
11.May	Sol Plaatje	NC091																																											0%	Non Compliance
12.June	Sol Plaatje	NC091																																											0%	Non Compliance

The overall performance for the month under review improved and standing at 83% compliance, compared to previous months' 68% compliance ratio. However, it should be noted that some of the conditions are required to be reported on, on a quarterly basis and is therefore reported as "not yet end of quarter". This increased the percentage achieved. These are the major factors that negatively influenced the performance for the month under review.

- ❖ The municipality did not settle the current account for Water, due to insufficient cash available from operations. As a result of this a proof of payment could not be submitted.
- ❖ The municipality could not settle the payment arrangement instalment of R6.7 million which was due at the end of January 2025. The municipality could not settle the debt instalment due to DWS.
- ❖ Revenue collection must remain a key focus point. The average collection rate calculated by the municipality is standing at 74.8% for the month of January 2025, is not at a desired level, and below 85% and the municipality will have to take more stringent action in applying its Credit Control Policy across all categories of consumers. The monthly collection rate per ward is 61%, well below the norm of 85% as well. The collection rate is one of the items that gets reported on, on a quarterly basis in terms of Compliance certificate Annexure B.
- ❖ A tangible solution must be sought for the interrupting or restricting of water supply. The majority of properties have conventional water meters installed. These are old meters that do not have the capability or functionality to restrict and/or interrupt the supply of water. The current infrastructure design and connection hampers the municipality from effecting this for one property only. The Municipality planned to install about 15 000 new water meters funded through Reginal Bulk Infrastructure Grant programme which is underway and would explore the procurement of the requisite functionality and technology to restrict water to 6 Kilolitre indigent subsidised quota.
- ❖ The municipality cannot prove that the poorer collection rate is attributable to the non-collection of the ESKOM supplied area in Ritchie because it is a poor community and will therefore not have a significant impact on the collection rate.
- ❖ The municipality failed to ring-fence funds received from Water and did not first apply this to the payments due to DWS.
- ❖ It is imperative that the non-compliance issues as raised by National Treasury is addressed as matter of urgency with a decisive implementation strategy and stringent monitoring thereof. Achieving 100% compliance is possible, provided that all responsible municipal officials are committed and work as a collective to achieve this.
- ❖ And on a positive note, the municipality has progressively started installing smart prepaid electricity meters via the smart meter grant.

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

16.3 The National Treasury Debt Relief Compliance Assessment

The latest National Treasury debt relief compliance certificate and non-compliance report issued to the municipality for the month of December 2024 is attached to this S71 report.

Here are the specific recommendations for December 2024 according to the monitoring tool:

Recommendations:

To improve compliance with the Municipal Debt Relief Programme and ensure long-term financial sustainability, Sol Plaatje Local Municipality should implement the following measures:

Strengthen Revenue Collection Mechanisms: This includes stricter enforcement of credit control and debt collection policies to reduce debtor balances and improve the collection rate from the current 70% to the programme's target of 85%. Investing in advanced billing systems and ensuring proper payment allocation for electricity and water services will further enhance revenue streams.

Prioritize the Settlement of Bulk Service Debts: The municipality must develop a clear, time-bound repayment plan to address outstanding arrears with Eskom and the Department of Water and Sanitation (DWS). Ring-fencing revenue from electricity and water services to settle bulk service accounts is essential to reduce the risk of service disconnections and further debt accumulation.

Enhance Financial Planning and Oversight: Fully integrate the cost-reflective tariff tool into budgeting processes to align service tariffs with actual operational costs and support sustainable revenue generation. Strengthening internal controls, including robust monitoring and evaluation frameworks, will ensure the municipality adheres to all conditions of the debt relief programme.

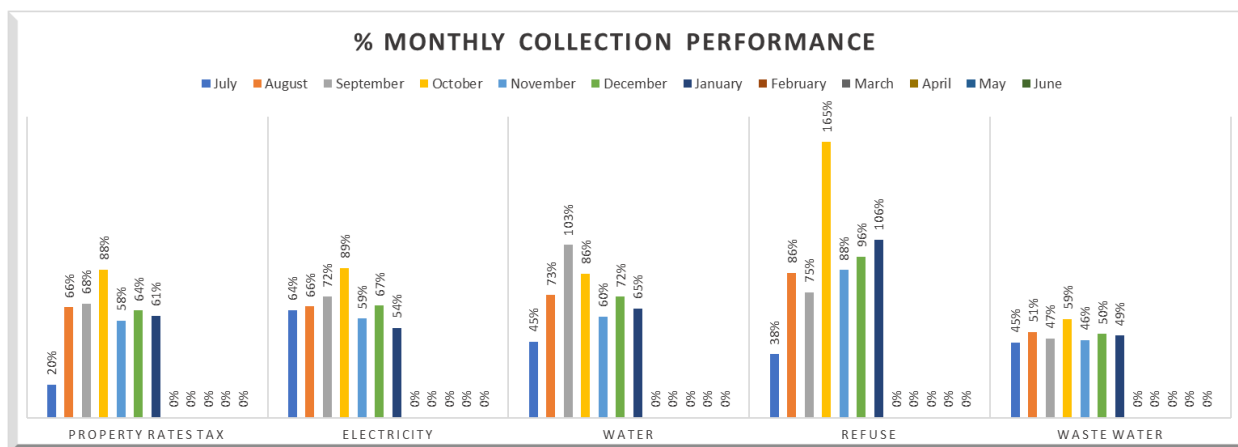
Improve Compliance and Reporting Practices: Ensure timely submission of reconciliations, financial statements, and proof of payments to platforms like GoMuni. Transparent and accurate reporting will demonstrate accountability and maintain trust with stakeholders, including National Treasury and Eskom. Regular updates on progress against compliance conditions are also critical for fostering collaboration and confidence.

Address Operational Inefficiencies: Streamline administrative processes, particularly those related to the authorization of invoices and payments, to prevent delays caused by internal bottlenecks. Investing in training and capacity-building for municipal staff will enhance financial governance and operational efficiency, further supporting compliance efforts.

Develop a Long-Term Sustainability Strategy: Focus on infrastructure upgrades, local economic development projects, and enhanced service delivery to create a stable revenue base. Engaging stakeholders, including residents and businesses, will foster trust and cooperation, aligning the municipality's financial recovery goals with community needs.

Implement corrective actions promptly to address any identified non-compliance issues. 16.4 MFMA Circular 124 – Condition 6.6 (Electricity and Water as Collection Tools) & Condition 6.7 (Maintain a minimum average quarterly collection of property rates and services charges)

16.4.1 Monthly / Quarterly collection per ward



National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Municipal Details				
Northern Cape				
Code	District	Municipality	Period Monitored	No. Of Wards
NC091		Sol Plaatje	June	36

Collection Rate Assessment																				
Aggregate Collection	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	Summary - Quarter 3				Q3	Summary - Quarter 4				Q4
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection	
1.Collection for whole demarcation	647,395,914	336,912,509	310,483,405	52%	52%	498,386,541	348,726,098	150,660,443	70%	70%	161,197,344	98,331,229	62,866,115	61%	61%	-	-	-	#DIV/0!	
2.Collection excl Eskom supplied areas	555,255,631	300,989,830	254,665,801	54%	54%	429,664,286	307,092,063	122,572,222	71%	71%	146,761,841	78,676,523	68,085,318	54%	54%	-	-	-	#DIV/0!	
3.Collection: Property Rates	238,600,294	120,105,002	138,495,292	46%	46%	151,660,484	110,566,185	41,094,299	73%	73%	50,510,532	33,024,912	17,485,620	65%	65%	-	-	-	#DIV/0!	
4.Total average collection: Electricity (Municipal supplied areas)	203,550,128	153,411,100	50,138,028	75%	75%	135,929,983	156,087,365	(20,157,382)	115%	115%	38,142,031	41,677,433	(2,535,403)	106%	106%	-	-	-	#DIV/0!	
5.Total average collection: Water	73,414,201	35,225,878	38,188,323	48%	48%	95,813,358	49,310,692	46,502,666	51%	51%	32,465,237	15,953,927	16,511,310	49%	49%	-	-	-	#DIV/0!	
6.Total average collection: Wastewater	26,960,122	12,259,704	14,700,417	45%	45%	27,047,194	13,390,208	13,656,986	50%	50%	9,206,409	3,363,880	5,842,529	37%	37%	-	-	-	#DIV/0!	
7.Total average collection: Refuse	21,599,092	10,655,712	10,940,380	49%	49%	21,540,395	11,969,409	9,570,986	56%	56%	7,321,801	3,199,574	4,122,226	44%	44%	-	-	-	#DIV/0!	
8.Total average collection: Interest	63,272,078	5,255,113	58,016,965	8%	8%	67,395,546	7,402,238	59,993,308	11%	11%	22,551,334	1,111,501	21,439,832	5%	5%	-	-	-	#DIV/0!	

Description	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Monthly collection rate (Property rates and Services)	83%	67%	44%	74%	83%	69%	55%	81%
Revised average collection rate	80%	44%	58%	65%	72%	72%	76%	75%
Average collection rate per Ward (Monthly)	62%	33%	66%	68%	88%	58%	64%	61%
Average collection rate per Ward (Quarterly) / Oct to Dec	79%	-	-	52%	-	-	70%	

The monthly collection rate per ward is a major concern and it not at a desired level, although this has deteriorated for the month under review from 64% to 61%. The quarterly collection rate for the first quarter, is distorted due to the annual billing on Property rates. The average collection rate calculated by the municipality for January 2025 is 74.8%, which is slightly higher due to prepaid electricity sales and unallocated credits being taken into consideration. The outcome is well below the condition of a minimum 85% collection rate.

There are unidentified wards which the municipality will investigate and correct on the system. A request was submitted to Property valuation to assist in this process, still awaiting feedback. Whilst the municipality is blocking prepaid meters, the effect is not as material as the municipality would have hoped. It is suggested that a record be kept of the number of meters blocked versus the number of consumers coming in.

Collection Rate Assessment									
7.January - Reporting for December in January									
Total Aggregate Collection		Q1	Q2	Billing For December	Collection in January	R - Billing not collected	% Collection	Q1	
1.Collection for whole demarcation	Summary	52%	70%	161,197,344	98,331,229	65,401,518	61%	61%	
2.Collection excl Eskom supplied areas		54%	71%	146,761,841	78,676,523	69,030,790	54%	54%	
3.Collection: Property Rates		46%	73%	50,510,532	33,024,912	17,485,620	65%	65%	
4.Total average collection: Electricity (Municipal supplied areas)		75%	115%	39,142,031	41,677,433	0	106%	106%	
5.Total average collection: Water		48%	51%	32,465,237	15,953,927	16,511,310	49%	49%	
6.Total average collection: Wastewater		45%	50%	9,206,409	3,363,880	5,842,529	37%	37%	
7.Total average collection: Refuse		49%	56%	7,321,801	3,199,574	4,122,226	44%	44%	
8. 7.Total average collection: Interest			11%	22,551,334	1,111,501	21,439,832	5%	5%	

Complete This Section			Quarter 1	Quarter 2	Quarter 3 Performance Per Ward				
Services	Electricity Supplier	Ward Name & Number	Q1	Q2	7 January				Q3
					Billing For December	Collection for December in January	Rand Value of Billing not collected	% Collection	
Property Rates Tax	Mun Supplied	Ward 1 - Platfontein, Sunset Manor, Legaeng / Lethabo Park	44%	166%	144,065	35,315	108,750	25%	25%
Electricity			48%	114%	1,304,187	1,499,743	0	115%	115%
Water			41%	84%	1,336,819	1,679,688	0	126%	126%
Refuse			35%	49%	76,146	56,562	19,584	74%	74%
Waste Water			74%	14%	89,643	9,202	80,441	10%	10%
Interest			5%	3%	507,137	2,827	504,310	1%	1%
Property Rates Tax	Mun Supplied	Ward 2 - Roodpan	54%	49%	974,788	412,420	562,368	42%	42%
Electricity			69%	77%	393,734	164,789	228,945	42%	42%
Water			37%	32%	1,046,736	191,364	855,372	18%	18%
Refuse			46%	46%	268,586	96,617	171,970	36%	36%
Waste Water			46%	44%	389,090	125,101	263,989	32%	32%
Interest			5%	5%	753,831	15,200	738,631	2%	2%
Property Rates Tax	Mun Supplied	Ward 3 - Homevale, Homelife, Homestead, Sol plaatje RE, Ramera	53%	41%	638,361	267,209	371,152	42%	42%
Electricity			41%	114%	127,726	43,166	84,560	34%	34%
Water			23%	27%	657,880	136,797	521,083	21%	21%
Refuse			43%	40%	184,099	78,096	106,003	42%	42%
Waste Water			42%	41%	263,813	110,016	153,796	42%	42%
Interest			7%	8%	493,341	35,462	457,878	7%	7%
Property Rates Tax	Mun Supplied	Ward 4 - Vergenoeg Ext 3, Vergenoeg Ext 4, Vergenoeg 9, Witdam	50%	56%	408,521	185,095	223,426	45%	45%
Electricity			56%	102%	247,597	267,982	0	108%	108%
Water			26%	21%	568,450	440,656	127,794	78%	78%
Refuse			35%	36%	160,002	46,549	113,452	29%	29%
Waste Water			36%	34%	228,690	66,810	161,880	29%	29%
Interest			3%	3%	408,718	5,474	403,244	1%	1%
Property Rates Tax	Mun Supplied	Ward 5 - Vergenoeg Ext 2, Redlille, Thusano	67%	41%	275,218	97,210	178,008	35%	35%
Electricity			62%	89%	52,551	34,081	18,469	65%	65%
Water			33%	19%	500,704	66,579	434,125	13%	13%
Refuse			30%	30%	153,659	37,390	116,269	24%	24%
Waste Water			30%	30%	213,974	54,504	159,470	25%	25%
Interest			2%	3%	370,669	6,028	364,641	2%	2%
Property Rates Tax	Mun Supplied	Ward 6 - Vergenoeg Ext 10, Bokhutong, Solly Legodi, Blikkies	24%	25%	179,370	44,419	134,951	25%	25%
Electricity			92%	72%	11,513	4,167	7,346	36%	36%
Water			10%	7%	596,295	38,137	558,158	6%	6%
Refuse			22%	17%	148,563	24,402	124,161	16%	16%
Waste Water			19%	17%	208,095	31,097	176,997	15%	15%
Interest			1%	1%	463,456	3,997	459,458	1%	1%
Property Rates Tax	Mun Supplied	Ward 7 - Sol Plaatje RE, Solly Legodi square, Vergenoeg Ext 1, Vergenoeg, Ubuntu Golf Course/ Riemvasmaak	49%	35%	221,326	86,708	134,619	39%	39%
Electricity			52%	70%	87,116	58,502	28,614	67%	67%
Water			19%	14%	541,909	78,250	463,659	14%	14%
Refuse			31%	30%	139,840	43,058	96,782	31%	31%
Waste Water			31%	30%	205,289	65,239	140,050	32%	32%
Interest			2%	2%	369,378	8,026	361,352	2%	2%
Property Rates Tax	Mun Supplied	Ward 8 - John Mamphe 1, Mamphe Ext, Lathli Mabilo Park, Donkerhoek	3%	16%	130,928	21,830	109,098	17%	17%
Electricity			58%	136%	237,219	333	236,886	0%	0%
Water			9%	15%	296,014	21,010	275,004	7%	7%
Refuse			14%	18%	126,366	13,776	112,590	11%	11%
Waste Water			13%	13%	183,209	16,955	166,254	9%	9%
Interest			2%	1%	464,682	2,208	462,474	0%	0%

Complete This Section			Quart er 1	Quart er 2	Quarter 3 Performance Per Ward				
Services	Electricity Supplier	Ward Name & Number	Q1	Q2	7 January				Q3
					Billing For December	Collection for December in January	Rand Value of Billing not collected	% Collection	
Property Rates Tax	Mun Supplied	Ward 9 - Ippeng, Retswellele	42%	58%	781,027	402,267	378,760	52%	52%
Electricity			68%	87%	159,948	110,952	48,997	69%	69%
Water			50%	50%	654,770	220,297	434,473	34%	34%
Refuse			61%	65%	167,894	95,792	72,102	57%	57%
Waste Water			57%	55%	240,142	136,837	103,305	57%	57%
Interest			10%	4%	420,443	18,549	401,894	4%	4%
Property Rates Tax	Mun Supplied	Ward 10 - Tshwaragano, Vergenoeg Ext 7, Vergenoeg Ext 5	79%	65%	388,214	133,669	254,546	34%	34%
Electricity			75%	96%	528,351	352,518	175,833	67%	67%
Water			36%	30%	530,566	97,183	433,383	18%	18%
Refuse			46%	42%	174,395	56,168	118,228	32%	32%
Waste Water			44%	38%	226,332	67,739	158,593	30%	30%
Interest			9%	7%	403,348	6,966	396,383	2%	2%
Property Rates Tax	Mun Supplied	Ward 11 - Retswellele, Agbanang, Vergenoeg Ext 8, Vergenoeg Ext 6	30%	38%	145,151	71,501	73,650	49%	49%
Electricity			37%	99%	214,331	13,917	200,414	6%	6%
Water			24%	17%	464,554	67,184	397,371	14%	14%
Refuse			33%	30%	127,683	36,547	91,136	29%	29%
Waste Water			36%	28%	206,060	51,597	154,462	25%	25%
Interest			2%	3%	389,103	13,033	376,070	3%	3%
Property Rates Tax	Mun Supplied	Ward 12 - KwaNobantu, Ext 1, KwaNobantu, Galeshewe proper, Galeshewe Ext 2	27%	48%	297,936	458,999	0	154%	154%
Electricity			41%	85%	121,775	39,138	82,637	32%	32%
Water			27%	27%	549,265	78,707	470,558	14%	14%
Refuse			37%	41%	141,811	46,874	94,936	33%	33%
Waste Water			37%	40%	200,809	61,459	139,350	31%	31%
Interest			6%	4%	402,725	129,394	273,331	32%	32%
Property Rates Tax	Mun Supplied	Ward 13 - Santa Centre, Galeshewe Ext 6, Galeshewe Ext 1, Gemdene	73%	68%	252,622	170,513	82,108	67%	67%
Electricity			83%	95%	486,985	424,270	62,715	87%	87%
Water			24%	22%	400,263	51,101	349,163	13%	13%
Refuse			48%	36%	75,495	22,144	53,351	29%	29%
Waste Water			53%	44%	120,859	30,032	90,827	25%	25%
Interest			6%	3%	268,648	3,831	264,816	1%	1%
Property Rates Tax	Mun Supplied	Ward 14 - Northview, Colville, Gemdene, Square Hill Park, Floors, Utility, Arlsburnham	43%	72%	1,346,847	868,786	478,061	65%	65%
Electricity			77%	109%	1,796,612	867,519	929,093	48%	48%
Water			63%	70%	833,844	376,072	457,772	45%	45%
Refuse			75%	93%	345,001	195,677	149,324	57%	57%
Waste Water			65%	68%	325,217	165,680	159,538	51%	51%
Interest			8%	9%	791,890	27,340	764,550	3%	3%
Property Rates Tax	Mun Supplied	Ward 15 - Ippeng, Phomdlong, Phutanang, Sol Plaatje RE	38%	34%	304,490	113,131	191,358	37%	37%
Electricity			91%	95%	105,246	88,119	17,127	84%	84%
Water			22%	12%	1,029,026	75,786	953,240	7%	7%
Refuse			28%	23%	151,776	33,844	117,932	22%	22%
Waste Water			29%	24%	215,474	49,067	166,407	23%	23%
Interest			4%	1%	478,571	4,411	474,159	1%	1%
Property Rates Tax	Mun Supplied	Ward 16 - Phutanang Cemetery, Promise Land, Lindelani, Snake Park, Tsweleng	11%	13%	155,470	18,156	137,313	12%	12%
Electricity			1%	-157%	2,913	79	2,834	3%	3%
Water			6%	5%	623,807	22,023	601,783	4%	4%
Refuse			10%	13%	160,128	29,317	130,812	18%	18%
Waste Water			10%	13%	230,212	31,952	198,260	14%	14%
Interest			1%	2%	486,384	3,559	482,824	1%	1%

Complete This Section			Quarter 1	Quarter 2	Quarter 3 Performance Per Ward				
Services	Electricity Supplier	Ward Name & Number	Q1	Q2	7 January				Q3
					Billing For December	Collection for December in January	Rand Value of Billing not collected	% Collection	
Property Rates Tax	Mun Supplied	Ward 17 - Kagiso, Thlaging, John Mampe 2, Dielehang	42%	42%	442,106	199,403	242,703	45%	45%
Electricity			48%	66%	36,460	22,888	13,572	63%	63%
Water			23%	20%	809,654	75,340	734,314	9%	9%
Refuse			30%	30%	211,927	51,080	160,846	24%	24%
Waste Water			30%	28%	287,554	70,881	216,673	25%	25%
Interest			2%	3%	554,600	8,472	546,128	2%	2%
Property Rates Tax	Mun Supplied	Ward 18 - Kristenhof, Naumalo Street Area, Galesheve Ext 7, Verwoerd Park, Riviera	22%	114%	1,111,610	1,031,870	79,740	93%	93%
Electricity			83%	129%	1,084,196	735,217	348,980	68%	68%
Water			47%	47%	730,638	350,400	380,238	48%	48%
Refuse			61%	59%	205,851	96,484	109,367	47%	47%
Waste Water			57%	56%	269,761	134,939	134,822	50%	50%
Interest			13%	5%	659,407	21,818	637,589	3%	3%
Property Rates Tax	Mun Supplied	Ward 19 - Galesheve Ext 3, Galesheve Ext 5, Galesheve Ext 4	58%	36%	239,787	87,377	152,410	36%	36%
Electricity			52%	55%	46,219	23,844	22,375	52%	52%
Water			15%	16%	599,561	76,640	522,921	13%	13%
Refuse			27%	26%	151,054	37,075	113,979	25%	25%
Waste Water			26%	25%	200,118	47,598	152,520	24%	24%
Interest			2%	2%	514,114	8,044	506,069	2%	2%
Property Rates Tax	Mun Supplied	Ward 20 - West End, Kimberley Mine, Kimberley North, Kimberley North, Diamond Park, Albertynshof, Kestellhof	58%	80%	12,892,933	9,448,531	3,444,402	73%	73%
Electricity			78%	99%	10,725,757	8,728,768	1,996,990	81%	81%
Water			88%	64%	2,831,626	2,368,589	463,037	84%	84%
Refuse			73%	80%	996,898	583,806	413,092	59%	59%
Waste Water			73%	84%	838,479	467,764	370,714	56%	56%
Interest			15%	20%	2,079,409	121,312	1,958,097	6%	6%
Property Rates Tax	Mun Supplied	Ward 21 - De Beers, Hull Street Area, Ernestville, Moghlar Park, Herlear, Belgravia, Turner Road Industrial area	59%	75%	3,176,530	2,344,187	832,344	74%	74%
Electricity			71%	109%	3,070,250	2,520,930	549,321	82%	82%
Water			79%	79%	1,479,568	722,809	756,759	49%	49%
Refuse			72%	101%	390,802	287,142	103,660	73%	73%
Waste Water			69%	75%	436,139	271,408	164,730	62%	62%
Interest			21%	24%	922,681	122,126	800,554	13%	13%
Property Rates Tax	Mun Supplied	Ward 22 - South Ridge, Green Point, Fabricia	35%	85%	1,348,653	968,379	380,274	72%	72%
Electricity			85%	121%	2,128,131	1,172,441	955,690	55%	55%
Water			43%	129%	1,032,792	246,691	786,100	24%	24%
Refuse			41%	67%	212,748	74,872	137,877	35%	35%
Waste Water			32%	84%	278,636	78,626	200,010	28%	28%
Interest			6%	95%	544,799	21,221	523,579	4%	4%
Property Rates Tax	Mun Supplied	Ward 23 - Civic Centre, New Park, Labram, Roylglen, Roydene, Monument Heights, El toro Park, Minerva Gardens	54%	88%	8,678,908	6,407,982	2,270,925	74%	74%
Electricity			75%	116%	10,504,253	7,072,902	3,431,351	67%	67%
Water			67%	76%	1,342,625	1,568,225	0	117%	117%
Refuse			81%	90%	451,152	316,776	134,375	70%	70%
Waste Water			73%	97%	579,096	348,289	230,807	60%	60%
Interest			16%	30%	1,009,826	146,175	863,651	14%	14%
Property Rates Tax	Mun Supplied	Ward 24 - Carvers Glen, Lindene, Rhododendene, Heuwelsgig, Hadison Park	63%	78%	3,536,171	2,577,369	958,802	73%	73%
Electricity			69%	97%	1,911,542	1,400,160	511,382	73%	73%
Water			73%	79%	1,500,360	905,084	595,275	60%	60%
Refuse			81%	88%	308,878	227,591	81,286	74%	74%
Waste Water			85%	87%	433,999	299,562	134,437	69%	69%
Interest			22%	15%	364,714	89,353	275,360	24%	24%

Complete This Section			Quart er 1	Quart er 2	Quarter 3 Performance Per Ward				
Services	Electricity Supplier	Ward Name & Number	Q1	Q2	7 January				Q3
					Billing For December	Collection for December in January	Rand Value of Billing not collected	% Collection	
Property Rates Tax	Mun Supplied	Ward 25 - De Beers Mine, Beaconsfield, Memorial Road Area, Klisserville	54%	75%	1,672,132	1,154,019	518,112	69%	69%
Electricity			89%	98%	1,126,203	990,258	135,946	88%	88%
Water			120%	75%	1,055,006	641,917	413,089	61%	61%
Refuse			72%	77%	186,789	121,887	64,902	65%	65%
Waste Water			69%	76%	245,903	154,735	91,168	63%	63%
Interest			9%	7%	371,952	31,490	340,462	8%	8%
Property Rates Tax	Partial Eskom & Mun Supplied	Ward 26 - Sol Plaatje RE, Rietvale, Mandela Square, Mossmedema, Kagang, Rietfontein, Sol Plaatje, Diamond Park, De	21%	56%	6,504,931	2,820,501	3,684,430	43%	43%
Electricity			85%	146%	(3,505,912)	11,622,794	0	-332%	-332%
Water			56%	47%	4,719,422	4,488,483	230,939	95%	95%
Refuse			31%	39%	442,050	205,597	236,453	47%	47%
Waste Water			28%	27%	480,574	76,130	404,444	16%	16%
Interest			13%	11%	3,461,248	157,428	3,303,820	5%	5%
Property Rates Tax	Partial Eskom & Mun Supplied	Ward 27 - Rietvale, Sol Plaatje RE	38%	102%	232,548	242,419	0	104%	104%
Electricity			8%	159%	7,654	636	7,018	8%	8%
Water			1%	3%	740,072	5,701	734,371	1%	1%
Refuse			2%	7%	158,880	4,082	154,798	3%	3%
Waste Water			2%	4%	253,025	5,745	247,280	2%	2%
Interest			2%	3%	941,010	25,190	915,820	3%	3%
Property Rates Tax	Mun Supplied	Ward 28 - Sol Plaatje Re, Kenilworth, Kimdustria, Greenside, De Beers Mine	69%	68%	2,690,787	1,906,350	784,437	71%	71%
Electricity			73%	141%	5,672,631	3,148,328	2,524,304	56%	56%
Water			54%	91%	1,876,806	562,319	1,314,487	30%	30%
Refuse			62%	65%	298,096	159,758	138,338	54%	54%
Waste Water			59%	60%	360,567	180,463	180,104	50%	50%
Interest			4%	10%	1,149,303	49,568	1,099,735	4%	4%
Property Rates Tax	Mun Supplied	Ward 29 - Roodopan, Sol Plaatje RE, Langling and Iverton	23%	32%	121,558	33,575	87,983	28%	28%
Electricity			54%	90%	43,592	31,024	12,568	71%	71%
Water			19%	19%	151,537	62,158	89,379	41%	41%
Refuse			31%	24%	47,211	10,936	36,274	23%	23%
Waste Water			29%	25%	66,064	16,213	49,851	25%	25%
Interest			2%	1%	274,413	2,768	271,645	1%	1%
Property Rates Tax	Mun Supplied	Ward 30 - Platfontein Industrial, Jacksonville, Lerato Park	16%	13%	303,558	50,415	253,143	17%	17%
Electricity			91%	27%	59,231	11,704	47,527	20%	20%
Water			12%	8%	532,655	26,093	506,562	5%	5%
Refuse			11%	12%	173,587	20,262	153,326	12%	12%
Waste Water			10%	12%	278,505	26,556	251,949	10%	10%
Interest			1%	1%	807,953	2,780	805,173	0%	0%
Property Rates Tax	Mun Supplied	Ward 31 - Kubaanang, Sol City, Riviera, Franklin	13%	28%	212,908	48,334	164,574	23%	23%
Electricity			6%	11%	16,983	811	16,172	5%	5%
Water			8%	8%	855,354	46,821	808,533	5%	5%
Refuse			15%	19%	222,132	26,423	195,710	12%	12%
Waste Water			15%	19%	311,711	37,394	274,317	12%	12%
Interest			2%	2%	550,481	6,205	544,276	1%	1%
Property Rates Tax	Mun Supplied	Ward 32 - Phuanang, Sol Plaatje RE, Platfontein	38%	16%	104,868	17,107	87,762	16%	16%
Electricity			14%	15%	102,860	13,898	88,962	14%	14%
Water			10%	5%	819,702	22,346	797,356	3%	3%
Refuse			16%	16%	85,321	9,807	75,514	11%	11%
Waste Water			16%	16%	116,028	14,976	101,052	13%	13%
Interest			3%	1%	325,121	2,431	322,691	1%	1%
Property Rates Tax	Mun Supplied	Ward 33 - Chris Hani Park, Galeshewe Ext 6, Chris Hani South, China Square, West End, Thambo Square, Diamond Park	43%	52%	457,266	245,135	212,131	54%	54%
Electricity			76%	102%	212,530	202,447	10,083	95%	95%
Water			29%	26%	734,448	141,257	593,191	19%	19%
Refuse			35%	38%	172,855	52,668	120,187	30%	30%
Waste Water			31%	32%	218,227	58,436	159,791	27%	27%
Interest			2%	2%	503,516	8,545	494,970	2%	2%
Property Rates Tax	Mun Supplied	Ward 999 Unknown	23%	60%	138,946	54,732	84,214	39%	39%
Electricity			70%	150%	21,643	9,108	12,535	42%	42%
Water			10%	14%	22,510	2,220	20,290	10%	10%
Refuse			11%	-23%	4,127	518	3,609	13%	13%
Waste Water			18%	-18%	5,115	876	4,238	17%	17%
Interest			3%	2%	44,465	268	44,197	1%	1%

16.4.2 Monthly - Restriction of Free Basic Services to Indigent Households

Articulated in table below, is the Indigent information for the reporting for the month of January 2025. The municipality is experiencing challenges in the restricting/interrupting of water supply and intervention is required from the technical department. Various gaps have been identified in indigent reporting, which the municipality will attempt to address going forward. The indigent households in informal settlements cannot be loaded on the system, due to the areas not being formalised. The municipality will engage the Housing department to assist with the number of households in informal settlements and the services available, if any. Households in informal settlements may not necessarily be qualifying indigents. There has always been a discrepancy in the households receiving Free Basic Electricity, as the actual that received the free 50 units is lower than the actual number of registered indigents loaded on the system. It should be noted that as per the Indigent Policy, it is a prerequisite for approval that all indigent households must have a prepaid electricity meter installed. The R-values are not showing correctly on Annexure C, this was taken up with NT for correction and the municipality is awaiting feedback.

Description	Ref	As Per Debt Relief Application																
		Current Year - 2024/2025																
		2024/2025 - Monthly Monitoring																
		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12	
Indigent Household service targets	1																	
Water: (Include All Indigent households also in Eskom supplied areas)																		
Indigent HH's with piped water inside dwelling		11,478	11,800	11,800	11,800	6,576	6,653	9,268	9,186	8,257	7,907	7,878						
Indigent HH's with piped water inside yard (but not in dwelling)																		
Indigent HH's using public tap (at least min.service level)																		
Indigent HH's with other water supply (at least min.service level)																		
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		11,478	11,800	11,800	11,800	6,576	6,653	9,268	9,186	8,257	7,907	7,878	-	-	-	-	-	
Indigent HH's using public tap (< min.service level)																		
Indigent HH's with other water supply (< min.service level)																		
Indigent HH's with No water supply																		
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total number of registered indigent households		11,478	11,800	11,800	11,800	6,576	6,653	9,268	9,186	8,257	7,907	7,878	-	-	-	-	-	
Status of Water meters :																		
Number of Indigent HH's with prepaid Water																		
Number of Indigent HH's with conventional metered Water		11,478	11,800	11,800	11,800	6,576	6,653	9,268	9,186	8,257	7,907	7,878						
Number of Indigent HH's NOT metered currently - Water																		
Number of Indigent HH's with NO Water supply - No metering																		
Total number of registered indigent households		11,478	11,800	11,800	11,800	6,576	6,653	9,268	9,186	8,257	7,907	7,878	-	-	-	-	-	
Status of unlimited supply of Water :																		
Number of Indigent HH's with conventional metered Water - where the municipality is NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month																		
Number of Indigent HH's NOT metered currently receiving unlimited supply - Water																		
Total number of registered indigent households receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HH's billed for consumption above the 6 kilolitres																		
Energy: (Include All Indigent households also in Eskom supplied areas)																		
Indigent HH's with Electricity (at least min.service level)																		
Indigent HH's with Electricity - prepaid (min.service level)																		
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Indigent HH's with Electricity (< min.service level)																		
Indigent HH's with Electricity - prepaid (< min. service level)																		
Indigent HH's with other energy sources																		
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total number of registered indigent households		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Status of Electricity meters :																		
Number of Indigent HH's with prepaid Electricity		11,478	11,800	11,800	11,800	9,422	9,486	8,800	8,485	8,640	8,459	8,562						
Number of Indigent HH's with conventional metered Electricity																		
Number of Indigent HH's NOT metered currently - Electricity																		
Number of indigent HH's with other energy sources - No metering																		
Total number of registered indigent households		11,478	11,800	11,800	11,800	9,422	9,486	8,800	8,485	8,640	8,459	8,562	-	-	-	-	-	
Status of unlimited supply of Electricity :																		
Number of Indigent HH's with conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per month																		
Number of Indigent HH's NOT metered currently receiving unlimited supply - Electricity																		
Total number of registered indigent households receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of the Total number of registered indigent households receiving unlimited supply of Electricity - State the Number of HH's billed for consumption above the 50 kwh																		
Number of ALL Households receiving Free Basic Service (including registered Indigent Households)	7																	
Water (6 kilolitres per household per month)		11,478	11,800	11,800	11,800	6,576	6,653	9,268	9,186	8,257	7,907	7,878						
Electricity/other energy (50kwh per household per month)		11,478	11,800	11,800	11,800	9,422	9,486	8,800	8,485	8,640	8,459	8,562						
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																		
Water (6 kilolitres per household per month)		4,932,658	*****	10,000,000	10,000,000	211,512	272,876	331,900	283,154	304,540	269,201	314,578						
Electricity/other energy (50kwh per household per month)		9,967,435	*****	12,000,000	12,000,000	16,265	*****	*****	*****	993,027	*****	15,842						
Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)																		
Water (6 kilolitres per household per month)																		
Electricity/other energy (50kwh per household per month)																		
Total cost of FBS Water and Electricity provided to ALL Households	8	14,900,093	*****	22,000,000	22,000,000	227,777	*****	*****	*****	*****	*****	330,420	-	-	-	-	-	
Highest level of free service provided per household (ALL Households)																		
Property rates (R value threshold)		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000						
Water (kilolitres per household per month)		6	6	6	6													
Sanitation (kilolitres per household per month)		213	213	213	213													
Sanitation (Rand per household per month)		189	198	198	198													
Electricity (kwh per household per month)		50	50	50	50													
Refuse (average litres per week)		21	21	21	21													
Revenue cost of subsidised services provided for ALL Households (R'000)	9																	
Residential Category : Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	14(a)																	
PSI Category : Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	14(b)																	
Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA		32,021,525	*****	37,240,000	37,240,000	729,193	682,775	682,735	684,373	683,930	684,861	685,191						
Water (in excess of 6 kilolitres per indigent household per month)	15	15,462,419	*****	21,500,000	21,500,000	-	756,263	738,242	753,729	830,525	838,731	777,565						
Sanitation (in excess of free sanitation service to indigent households)	16	2,919,895	*****	3,400,000	3,400,000	-	-	-	-	-	-	-						
Electricity/other energy (in excess of 50 kwh per indigent household per month)		33,957,925	*****	41,000,000	41,000,000	-	*****	*****	*****	*****	*****	*****						
Refuse (in excess of one removal a week for indigent households)		4,235,540	*****	4,400,000	4,400,000	-	118,735	118,606	118,476	118,735	118,865	118,735						
Municipal Housing - rental rebates																		
Housing - top structure subsidies																		
Other	6																	
Total revenue cost of subsidised services provided		88,597,304	*****	107,540,000	107,540,000	729,193	*****	*****	*****	*****	*****	*****	-	-	-	-	-	

16.5 MFMA Circular 124 – Condition 6.8 (Completeness of the revenue base)

GVReconciliation Summary						
Province	NC					
District	Frances Baard District					
Type	LM					
Municipal Name	Sol Plaatje					
GV Period	01/07/2023 - 30/06/2027					
Financial Year	2024/2025					
Reconciliation Period	Quarter 2					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	48582	48582	0	23,594,584,603	23,594,584,603	-
Industrial	177	177	0	784,040,000	784,040,000	-
Business and Commercial	2228	2228	0	7,454,750,001	7,454,750,001	-
Agricultural	422	422	0	2,612,916,700	2,612,916,700	-
Mining	21	21	0	102,685,400	102,685,400	-
State Owned for Public Purpose	133	133	0	2,498,871,000	2,498,871,000	-
PSI	465	465	0	156,930,000	156,930,000	-
PBO	1081	1081	0	609,275,001	609,275,001	-
Multi Use	0	0	0	-	-	-
Vacant	1677	1677	0	502,320,000	502,320,000	-
POW	239	239	0	607,129,000	607,129,000	-
Municipal	9297	9297	0	1,574,932,503	1,574,932,503	-
Other	0	0	0	-	-	-
Total	64,322	64,322	-	40,498,434,208	40,498,434,208	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	23,848,226	22,470,664	1,377,562	23,848,226	22,414,925	1,433,302
Industrial	2,377,405	2,308,129	69,276	2,377,405	2,311,439	65,966
Business and Commercial	22,604,666	20,584,380	2,020,286	22,604,666	20,595,635	2,009,031
Agricultural	660,197	338,912	321,285	660,197	338,912	321,285
Mining	622,479	592,162	30,316	622,479	595,421	27,058
State Owned for Public Purpose	10,355,530	3,311,956	7,043,574	10,355,530	3,311,956	7,043,574
PSI	-	108,908	- 108,908	-	-	-
PBO	-	99,210	- 99,210	-	-	-
Multi Use	-	-	-	-	-	-
Vacant	-	945,933	- 945,933	-	945,895	- 945,895
POW	-	7,790	- 7,790	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
Total	60,468,503	50,768,044	9,700,459	60,468,503	50,514,182	9,954,321

Properties reconciliation

After populating the GVR Reconciliation for the second quarter for the 2024/25 financial year, no anomalies were identified in terms of the high-level reconciliation for the number of properties per category and the market value.

After some consultation with NT, the municipality also requires assistance on how to deal with Multi-use properties that have a common SG code but two different property uses and categories.

The growth in the number of properties is as a result of unregistered properties that are now registered, of which the majority are municipal owned properties.

For the second quarter an investigation was done and noted the Land Reform Properties was allocated against Other. For the second quarter this property category was allocated to Public Benefit Organisations (PBO) which is zero-rated. This was also done to correct the billing error shown on the GVR reconciliation for the first quarter.

Billing reconciliation

As alluded previously, the municipality require assistance from NT on how to deal with properties that gets billed on an annual basis, as this will negatively influence the quarterly/monthly billing reconciliation. The municipality investigated the billing discrepancy pertaining to the category "Other" and these are Land Reform Properties which was allocated to PBO's which is zero-rated

As per the reconciliation template, there is no tariff for Other, except for Other – Multi-use.

No provision is made for rebates pertaining to rural, agricultural bona fide and pensioners.


The municipality does not have a tariff for Vacant properties as these properties are split according to the appropriate use and category.

The municipality will investigate the other billing discrepancies across all categories, but presume that these relate to the multi-use properties.

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

16.6 MFMA Circular 124 – Condition 6.3 (Maintaining the Eskom bulk current account) and Condition 6.12 (Proper Management of Resources)

- i) Indicated below is the Eskom Bulk current account invoice for December 2024 which was due and payable during the month of reporting, on or before 1 February 2025.




ESKOM HOLDINGS SOC LTD REG NO 2002/016627/30
VAT REG NO 4740101608

SOL PLAATJE LOCAL MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PRIVATE BAG X5030
KIMBERLEY
8300

NORTH WESTERN REGION
PRIVATE BAG X16 WESTVILLE 3630

CONTACT CENTRE: (0860) 037566
FAX NO: 0862 437 566
E-MAIL: customerservice@eskom.co.za
WEB: WWW.ESKOM.CO.ZA



CUSTOMER SELF SERVICE WEBSITE
Provincial email listed below

NORTH WESTERN REGION
PRIVATE BAG X16 WESTVILLE 3630

DIRECT DEPOSIT DETAIL
BANK: First National Bank
BRANCH CODE: 223636
BANK ACC NO: 66070087318

TAX INVOICE

E-MAIL: tax@solplaatje.org.za

ACCOUNT NO / REFERENCE NO
5449407898

NAME
SOL PLAATJE LOCAL MUNICIPALITY

FAX NUMBER
0538331005

7100 1544 9407 8982

ACCOUNT TRANSACTION SUMMARY

DESCRIPTION	AMOUNT	CREDIT	DEBIT
ADMINISTRATION CHARGE	R	7,804.87	
TRANSMISSION NETWORK CAPACITY	R	1,754,910.00	
DIST. NETWORK CAPACITY CHARGE	R	1,282,050.00	
NETWORK DEMAND CHARGE	R	1,614,090.85	
URBAN LOW VOLTAGE SUBSIDY	R	3,140,190.00	
ANCILLARY SERVICE (ALL)	R	279,503.09	
ENERGY CHARGE (STD)	14,126,254.00	R	19,352,967.98
ENERGY CHARGE (PEAK)	5,623,999.00	R	11,196,819.61
ENERGY CHARGE (OFF)	18,537,842.00	R	16,109,384.70
ELECTRIFICATION AND RURAL SUBS (ALL)		R	5,999,744.49
SERVICE CHARGE		R	244,399.35
TOTAL CHARGES FOR BILLING PERIOD			R 60,881,864.94

ACCOUNT SUMMARY FOR DECEMBER 2024

DESCRIPTION	AMOUNT	CREDIT	DEBIT
BALANCE BROUGHT FORWARD (Due Date 2025-01-02)	R	938,148,023.05	
PAYMENT(S) RECEIVED Cash - 2024-12-11	R	-67,190,839.43	
PAYMENT(S) RECEIVED Cash - 2024-12-30	R	-25,000,000.00	
TOTAL CHARGES FOR BILLING PERIOD			R 60,881,864.94
ADJUSTMENT Interest on overdue account	R	422,921.82	
ADJUSTMENT Interest on overdue account	R	1,306,837.98	
PAYMENT ARRANGEMENT 5447737377 (Balance o/s R 107,200,000.00)	R	6,700,000.00	
VAT RAISED ON ITEMS AT 14%	R	0.00	
VAT RAISED ON ITEMS AT 15%	R	9,147,279.74	

272157001 5449407898 4

9207 2544 9407 8987

PayIT

easypay

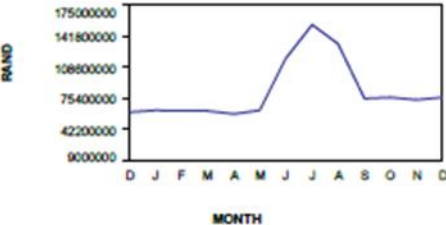
CURRENT	TOTAL DUE	R
78,558,904.48		924,516,088.10

ARREARS			
>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS
689,075,535.99	80,207,839.50	76,673,808.13	0.00

Total outstanding debt must be settled immediately, subject to disconnection without further notice

TOTAL AMOUNT DUE

924,516,088.10



PAYMENT ARRANGEMENT

INSTALMENT

6,700,000.00

ARREARS (Due immediately)

845,957,183.62

DUE DATE (For Current Amount)

2025-02-01

AMOUNT PAID

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT

PAGE RUN NO EE 26

BILL GROUP

BILL PAGE 1 OF 2

- ii) Indicated below is the municipality's proof of payment of the Eskom Bulk arrear account invoice for August 2024 (excl interest) with a partial payment on 24 January 2025 of R5,000,000.00.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

24/01/2025

SUPPLIER No: SESK01

CONTACT PERSON:
TEL NO: 0829413707
E-MAIL ADDRESS:

FAX NO:

VOUCHER NO: CATA012499

CHEQUE/ELE NO: 77070539

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/09/2024	SUN	544999564583/3	4347826.09		652173.91	5000000.00

SUB TOTAL: 652173.91 5000000.00

652173.91 5000000.00

THIS IS TO CERTIFY THAT THIS ACCOUNT HAS NOT BEEN PREVIOUSLY PAID.

COMPILED BY...:

CHECKED BY...:

AUTHORISED BY:

On the 28 January and 29 January 2025, the municipality settled an amount of R30,000,000 and R40,129,144.68, respectively which is a full settlement of the December 2024 account, with just the interest remaining unpaid.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

28/01/2025

CONTACT PERSON:
TEL NO: 0829413707
E-MAIL ADDRESS:

FAX NO:

SUPPLIER No: SESK01
VOUCHER NO: CATA012510
CHEQUE/ELE NO: 77070552

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/01/2025	SUN	544141249725/1	26086956.52		3913043.48	30000000.00

SUB TOTAL:

3913043.48 30000000.00

3913043.48 30000000.00

THIS IS TO CERTIFY THAT THIS ACCOUNT HAS NOT BEEN PREVIOUSLY PAID.

COMPILED BY...:

CHECKED BY...:

AUTHORISED BY:

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

29/01/2025

SUPPLIER No: SESK01

CONTACT PERSON:
TEL NO: 0829413707
E-MAIL ADDRESS:

FAX NO:

VOUCHER NO: DUNA008344

CHEQUE/ELE NO: 77070567

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/01/2025	SUN	544141249725/2	34894908.42		5234236.26	40129144.68

SUB TOTAL: 5234236.26 40129144.68

5234236.26 40129144.68

THIS IS TO CERTIFY THAT THIS ACCOUNT HAS NOT BEEN PREVIOUSLY PAID.

COMPILED BY...:

CHECKED BY...:

AUTHORISED BY:

The payment arrangement of R6,700,000.00 was not paid for the month under review, due to insufficient cash available.

- iii) The municipality's reconciliation statement for electricity aligning to the MFMA S71 mSCOA data strings upload.

Indicated in the table below is a summary of the data strings for M07 – January 2025 pertaining to electricity.

	2025	
	M07	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Deposits	-126,183,130	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdraw als	102,100,976	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdraw als	-17,621,414	84,479,562
Expenditure:Bulk Purchases:Electricity:ESKOM	102,100,976	

- Reconciliation from the financial system using the GS630 detailed transaction report. Reconciliation of Bulk purchases electricity, deposits and withdrawals votes.

Datastrings & FMS Recon - Jan 2025 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
BULK PURCHASES:ELECTRICITY:ESKOM	698,941,562.09	596,840,585.63	102,100,976.46	Bulk Purchases vote reconciles to datastrings
Cheque No : 77070539 Bank No : 901	4,347,826.09	4,347,826.09	-	
Sundry Accruals Reversals	-	4,347,826.09	(4,347,826.09)	
Sundry Payments	4,347,826.09	-	4,347,826.09	Payment of R5,000m on August 2024 acc
Cheque No : 77070552 Bank No : 901	26,086,956.52	26,086,956.52	-	
Sundry Accruals Reversals	-	26,086,956.52	(26,086,956.52)	
Sundry Payments	26,086,956.52	-	26,086,956.52	Payment of R30,000m on December 2024 acc
Cheque No : 77070567 Bank No : 901	34,894,908.42	34,894,908.42	-	
Sundry Accruals Reversals	-	34,894,908.42	(34,894,908.42)	
Sundry Payments	34,894,908.42	-	34,894,908.42	Payment of R40,129m on December 2024 acc
Sundry CATA011989	169,238,377.46	173,586,203.55	(4,347,826.09)	Payment of R5,000m on August 2024 acc
Sundry Accruals	110,977,507.89	62,608,695.66	48,368,812.23	
Sundry Accruals Reversals	58,260,869.57	110,977,507.89	(52,716,638.32)	
Sundry CATA012450	61,128,482.15	21,739,130.43	39,389,351.72	Unpaid inv for November 2024, authorised in Jan 2025
Sundry Accruals	61,128,482.15	21,739,130.43	39,389,351.72	
Sundry CATA012499	4,347,826.09	-	4,347,826.09	Payment of R5,000m on August 2024 acc, excl VAT
Sundry Accruals	4,347,826.09	-	4,347,826.09	
Sundry CATA012510	26,086,956.52	-	26,086,956.52	Payment of R30,000m on December 2024 acc
Sundry Accruals	26,086,956.52	-	26,086,956.52	
Sundry DUNA008307	337,915,320.42	336,185,560.62	1,729,759.80	Unpaid interest Dec 2024 acc
Sundry Accruals	250,846,498.96	148,050,686.40	102,795,812.56	
Sundry Accruals Reversals	87,068,821.46	188,134,874.22	(101,066,052.76)	
Sundry DUNA008344	34,894,908.42	-	34,894,908.42	Payment of R40,129m on December 2024 acc
Sundry Accruals	34,894,908.42	-	34,894,908.42	
Grand Total	698,941,562.09	596,840,585.63	102,100,976.46	

Datastrings & FMS Recon - Jan 2025 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
ELECTRICITY BULK PURCH ACC 01:WITHDRAWAL	84,479,562.37	-	84,479,562.37	Withdrawal vote reconciles to datastrings
Create Cheque 77070067 Voucher No DUNA008260	4,247,639.67	-	4,247,639.67	Payment Riverton Water Plant
Create Cheque 77070069 Voucher No CATA012444	12,320.65	-	12,320.65	
Create Cheque 77070070 Voucher No CATA012445	4,605.97	-	4,605.97	
Create Cheque 77070071 Voucher No CATA012446	18,210.72	-	18,210.72	
Create Cheque 77070072 Voucher No CATA012447	75,872.81	-	75,872.81	
Create Cheque 77070073 Voucher No CATA012448	12,118.15	-	12,118.15	
Create Cheque 77070074 Voucher No CATA012449	16,855.32	-	16,855.32	
Create Cheque 77070075 Voucher No CATA012451	17,214.12	-	17,214.12	
Create Cheque 77070076 Voucher No CATA012460	192.28	-	192.28	
Create Cheque 77070077 Voucher No CATA012461	5,658.98	-	5,658.98	
Create Cheque 77070078 Voucher No DUNA008261	155,981.22	-	155,981.22	
Create Cheque 77070226 Voucher No DUNA008285	14,772.83	-	14,772.83	Payment minor Eskom accounts
Create Cheque 77070227 Voucher No DUNA008286	15,166.23	-	15,166.23	
Create Cheque 77070228 Voucher No DUNA008287	44,098.23	-	44,098.23	
Create Cheque 77070229 Voucher No DUNA008288	15,327.19	-	15,327.19	
Create Cheque 77070339 Voucher No DUNA008304	43,435.25	-	43,435.25	
Create Cheque 77070340 Voucher No DUNA008305	14,561.23	-	14,561.23	
Create Cheque 77070341 Voucher No DUNA008306	14,831.47	-	14,831.47	
Create Cheque 77070342 Voucher No DUNA008311	17,214.12	-	17,214.12	
Create Cheque 77070343 Voucher No DUNA008313	14,655.42	-	14,655.42	
Create Cheque 77070498 Voucher No CATA012491	7,949.70	-	7,949.70	
Create Cheque 77070536 Voucher No CATA012493	8,142.45	-	8,142.45	
Create Cheque 77070539 Voucher No CATA012499	5,000,000.00	-	5,000,000.00	Payment of R5,000m on August 2024 acc
Create Cheque 77070544 Voucher No CATA012502	258.80	-	258.80	Payment minor Eskom accounts
Create Cheque 77070545 Voucher No CATA012503	4,252.33	-	4,252.33	
Create Cheque 77070552 Voucher No CATA012510	30,000,000.00	-	30,000,000.00	Payment of R30,000m on December 2024 acc
Create Cheque 77070567 Voucher No DUNA008344	40,129,144.68	-	40,129,144.68	Payment of R40,129m on December 2024 acc
Create Cheque 77070573 Voucher No DUNA008303	4,461,011.11	-	4,461,011.11	Payment Riverton Water Plant
Create Cheque 77070586 Voucher No CATA012524	108,071.44	-	108,071.44	Payment minor Eskom accounts
ELECTRICITY BULK PURCHASE ACC 01:DEPOSIT	260,636,145.01	386,819,275.30	(126,183,130.29)	Deposits vote reconciles to datastrings
Create Cheque 77070067 Voucher No DUNA008260	4,247,639.67	4,247,639.67	-	
Create Cheque 77070069 Voucher No CATA012444	12,320.65	12,320.65	-	
Create Cheque 77070070 Voucher No CATA012445	4,605.97	4,605.97	-	
Create Cheque 77070071 Voucher No CATA012446	18,210.72	18,210.72	-	
Create Cheque 77070072 Voucher No CATA012447	75,872.81	75,872.81	-	
Create Cheque 77070073 Voucher No CATA012448	12,118.15	12,118.15	-	
Create Cheque 77070074 Voucher No CATA012449	16,855.32	16,855.32	-	
Create Cheque 77070075 Voucher No CATA012451	17,214.12	17,214.12	-	
Create Cheque 77070076 Voucher No CATA012460	192.28	192.28	-	
Create Cheque 77070077 Voucher No CATA012461	5,658.98	5,658.98	-	
Create Cheque 77070078 Voucher No DUNA008261	155,981.22	155,981.22	-	
Create Cheque 77070226 Voucher No DUNA008285	14,772.83	14,772.83	-	
Create Cheque 77070227 Voucher No DUNA008286	15,166.23	15,166.23	-	
Create Cheque 77070228 Voucher No DUNA008287	44,098.23	44,098.23	-	
Create Cheque 77070229 Voucher No DUNA008288	15,327.19	15,327.19	-	
Create Cheque 77070339 Voucher No DUNA008304	43,435.25	43,435.25	-	
Create Cheque 77070340 Voucher No DUNA008305	14,561.23	14,561.23	-	
Create Cheque 77070341 Voucher No DUNA008306	14,831.47	14,831.47	-	
Create Cheque 77070342 Voucher No DUNA008311	17,214.12	17,214.12	-	
Create Cheque 77070343 Voucher No DUNA008313	14,655.42	14,655.42	-	
Create Cheque 77070498 Voucher No CATA012491	7,949.70	7,949.70	-	
Create Cheque 77070536 Voucher No CATA012493	8,142.45	8,142.45	-	
Create Cheque 77070539 Voucher No CATA012499	5,000,000.00	5,000,000.00	-	
Create Cheque 77070544 Voucher No CATA012502	258.80	258.80	-	
Create Cheque 77070545 Voucher No CATA012503	4,252.33	4,252.33	-	
Create Cheque 77070552 Voucher No CATA012510	30,000,000.00	30,000,000.00	-	
Create Cheque 77070567 Voucher No DUNA008344	40,129,144.68	40,129,144.68	-	
Create Cheque 77070573 Voucher No DUNA008303	4,461,011.11	4,461,011.11	-	
Create Cheque 77070586 Voucher No CATA012524	108,071.44	108,071.44	-	
Sundry CATA011989 Creditor Control	60,600,942.44	55,600,942.44	5,000,000.00	
Sundry CATA012444 Creditor Control	-	12,320.65	(12,320.65)	
Sundry CATA012445 Creditor Control	-	4,605.97	(4,605.97)	
Sundry CATA012446 Creditor Control	-	18,210.72	(18,210.72)	
Sundry CATA012447 Creditor Control	-	75,872.81	(75,872.81)	
Sundry CATA012448 Creditor Control	-	12,118.15	(12,118.15)	
Sundry CATA012449 Creditor Control	-	16,855.32	(16,855.32)	
Sundry CATA012450 Creditor Control	-	44,973,808.12	(44,973,808.12)	Balance on November 2024 account
Sundry CATA012451 Creditor Control	-	17,214.12	(17,214.12)	
Sundry CATA012460 Creditor Control	-	192.28	(192.28)	
Sundry CATA012461 Creditor Control	-	5,658.98	(5,658.98)	
Sundry CATA012491 Creditor Control	-	7,949.70	(7,949.70)	
Sundry CATA012493 Creditor Control	-	8,142.45	(8,142.45)	
Sundry CATA012499 Creditor Control	-	5,000,000.00	(5,000,000.00)	
Sundry CATA012502 Creditor Control	-	258.80	(258.80)	
Sundry CATA012503 Creditor Control	-	4,252.33	(4,252.33)	
Sundry CATA012510 Creditor Control	-	30,000,000.00	(30,000,000.00)	
Sundry CATA012524 Creditor Control	108,071.44	216,142.88	(108,071.44)	
Sundry DUNA008260 Creditor Control	-	4,247,639.67	(4,247,639.67)	
Sundry DUNA008261 Creditor Control	-	155,981.22	(155,981.22)	
Sundry DUNA008285 Creditor Control	-	14,772.83	(14,772.83)	
Sundry DUNA008286 Creditor Control	-	15,166.23	(15,166.23)	
Sundry DUNA008287 Creditor Control	-	44,098.23	(44,098.23)	
Sundry DUNA008288 Creditor Control	-	15,327.19	(15,327.19)	
Sundry DUNA008303 Creditor Control	-	4,461,011.11	(4,461,011.11)	
Sundry DUNA008304 Creditor Control	-	43,435.25	(43,435.25)	
Sundry DUNA008305 Creditor Control	-	14,561.23	(14,561.23)	
Sundry DUNA008306 Creditor Control	-	14,831.47	(14,831.47)	
Sundry DUNA008307 Creditor Control	115,447,568.76	117,177,328.56	(1,729,759.80)	Unpaid interest Dec 2024 account
Sundry DUNA008311 Creditor Control	-	17,214.12	(17,214.12)	
Sundry DUNA008313 Creditor Control	-	14,655.42	(14,655.42)	
Sundry DUNA008344 Creditor Control	-	40,129,144.68	(40,129,144.68)	
Grand Total	345,115,707.38	386,819,275.30	(41,703,567.92)	

Explanatory notes

- Ideally, when a payment is made in full the Sundry accrual and Sundry accrual reversal transactions on the system should be equal to each other, resulting in a net movement of zero rand on the relevant expenditure vote number.
- Currently the system does not fully provide for partial payments. Hence the invoice is captured and authorised on the system. When a partial payment must be made, the original voucher must be unauthorised on the system, effectively reversing the transactions already committed on the system. After the reversal, a new payment is captured with the amount that must be paid. This then make it appear as if a duplicate payment was made but it is not the case. After this, the original voucher is reduced with the said paid amount and it is authorised and only the outstanding balance remains on the original voucher.
- The minor accounts linked to bulk control accounts is a concern, which the municipality attempted to address but no tangible solution has been implemented. Notwithstanding this challenge, the reconciliation does indicate that what the municipality settled for the reporting month is reflecting in the ledger.
- The focus is on the Withdrawal vote – indicating the payments made for the bulk current account for January 2025.

- i) The DWS current account for December 2024 amounted to R15,680,672.19 which was due and payable on or before the 30 January 2025. The municipality had insufficient cash to settle the current account for December 2024.

Page 1 of 1

NWRI Customer Ref no: 60005150
 Customer No: 25014305
 Contract Acc. No: 100478820
 Document No: 412607862
 Document Date: 31.12.2024
 Payment Terms: 30 Days
 Due Date: 30.01.2025
 Customer VAT Reg. No: 4370102313

TAX INVOICE DWS VAT Reg. no 4040112361



water & sanitation

Department:
 Water and Sanitation
 REPUBLIC OF SOUTH AFRICA

Bill To:

HEAD OF FINANCE
 SOL PLAATJIE MUN-KIMBERLEY
 PRIVATE BAG X5030
 KIMBERLEY
 KIMBERLEY
 8300

YOUR CONTACT OFFICE:

Department: Water and Sanitation
 Private Bag X313
 Pretoria
 0001

R531 Waterbyron Building
 185 Francis Baard Street
 Pretoria
 PHONE 0800 200 200
 FAX 012 336 1408
 Email: retvwatne@dws.gov.za

Water Use Description	Tariff Category	Quantity m3/RA Registered/Consumed	Unit Price (c/m3/RA)	Amount (Rand)
Property Details: Property Name: DROOGFONTEIN; Property Number: 6866; Registration Division: KIMBERLEY RD; Portion Number: 1; Title Deed: T16761/1921 Water Use Details: WMA: VAAL; Legal Sector Code: 21A Tk water fr a water resource; Water Use Sector: DOMESTIC & INDUSTRIAL; Water Source Type: SCHEME; Contract No: 10087405 (25014305/13) Serv. Vol: 9,125,000.40; Ytd Consumed Vol: 28115,338.00 Water Use Period: 01.12.2024 to 31.12.2024				
	Consumptive (O&M)	2,842,053.00	39.69	1,128,010.84
	Consumptive (ROA)	2,842,053.00	32.40	920,825.17
	Consumptive (Depr)	2,842,053.00	19.07	541,979.51
	TCTA (AMD)	2,842,053.00	9.39	266,868.78
	TCTA (LHWP)	2,842,053.00	372.50	10,586,647.43
	Plus 15.00% VAT			2,016,649.76
	Subtotal			15,460,981.49
	WRL(0%VAT)	2,842,053.000	7.73	219,690.70
	WRL(0%VAT)	0.000	0.00	0.00
	Total Charges			15,680,672.19

Bank Name: ABSA Bank
 Account Number: 4054697185
 Branch Code: 630145
 Reference: Contract Acc.No.

Bank Name: FNB
 Account Number: 61030646311
 Branch Code: 250655
 Reference: Contract Acc.No.

Bank Name: Standard Bank
 Account Number: 610215808
 Branch Code: 051001
 Reference: Contract Acc.No.

- ii) Indicated below, is the DWS Bulk current account invoice for January 2025, which is due and payable, on or before 3 March 2025.

Page 1 of 1

NWRI Customer Ref no: 60005150
 Customer No: 25014305
 Contract Acc. No: 100478320
 Document No: 412612175
 Document Date: 31.01.2025
 Payment Terms: 30 Days
 Due Date: 03.03.2025
 Customer VAT Reg. No: 4370102313

Bill To:

HEAD OF FINANCE
 SOL PLAATJIE MUN-KIMBERLEY
 PRIVATE BAG X5030
 KIMBERLEY
 KIMBERLEY
 8300

TAX INVOICE

DWS VAT Reg. no 4040112361



water & sanitation

Department:
 Water and Sanitation
 REPUBLIC OF SOUTH AFRICA

YOUR CONTACT OFFICE:

Department: Water and Sanitation
 Private Bag X313
 Pretoria
 0001

R535 Waterbron Building
 185 Francis Baard Street
 Pretoria
 PHONE 0800 200 200
 FAX 012 336 1408
 Email:revenue@dws.gov.za

Water Use Description	Tariff Category	Quantity m3/HA Registered/Consumed	Unit Price (c/m3/HA)	Amount (Rand)
Property Details: Property Name: DROOGFONTEIN; Property Number: 6866; Registration Division: KIMBERLEY RD; Portion Number: 1; Title Deed: T16761/1921 Water Use Details: WMA: VAAL; Legal Sector Code: 21A Tk water fr a water resource; Water Use Sector: DOMESTIC & INDUSTRIAL; Water Source Type: SCHEME; Contract No: 10087405 (25014305/13) Serv.Vol:9,125,000.40; YtD Consumed Vol:31812,021.00 Water Use Period: 01.01.2025 to 31.01.2025				
	Consumptive (O&M)	3,696,683.00	39.69	1,467,213.48
	Consumptive (ROA)	3,696,683.00	32.40	1,197,725.29
	Consumptive (Depr)	3,696,683.00	19.07	704,957.45
	TCTA (AMD)	3,696,683.00	9.39	347,118.53
	TCTA (LHWP)	3,696,683.00	372.50	13,770,144.18
	Plus 15.00% VAT			2,623,073.84
	Subtotal			20,110,232.77
	WRL(0%VAT)	3,696,683.000	7.73	285,753.60
	WRL(0%VAT)	0.000	0.00	0.00
	Total Charges			20,395,986.37

Bank Name: ABSA Bank
 Account Number:4054697285
 Branch Code: 630145
 Reference : Contract Acc.No.

Bank Name: FNB
 Account Number:62030646311
 Branch Code: 250655
 Reference : Contract Acc.No.

Bank Name: Standard Bank
 Account Number:010215808
 Branch Code: 051001
 Reference: Contract Acc.No.

The payment arrangement instalment of R6 million was not settled due to insufficient cash available from operations.

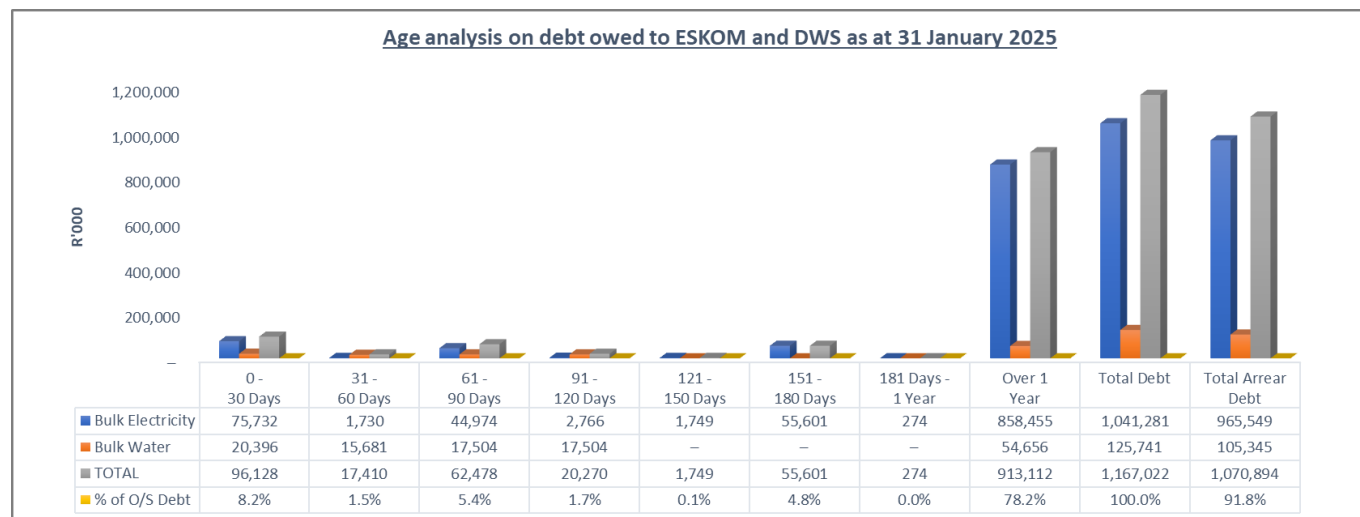
The municipality's water reconciliation statement (aligning to the mSCOA data string upload for M07 – January 2025).

	2025	
	M07	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Deposits	-33,337,460	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdraw	5,773,798	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdraw	-5,621,059	152,739
Assets:Current Assets:Inventory:Water:System Input Volume:Bulk Purchases	28,451,994	

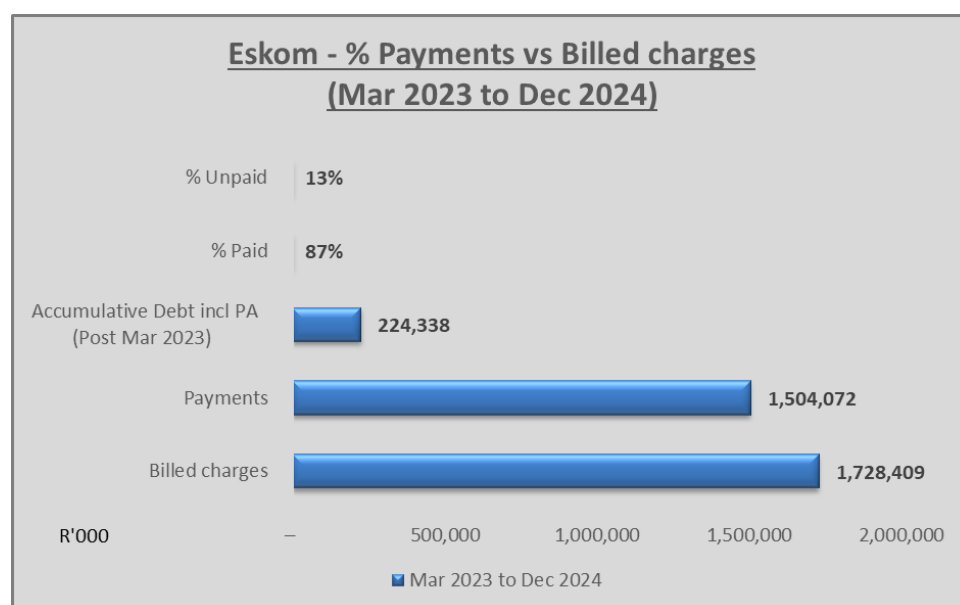
Reconciliation of Bulk purchases water input volumes, deposits and withdrawals as per the Financial system.

Datastrings & FMS Recon - Jan 2025 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER BULK PURCHASE:DEPOSITS	152,738.93	33,490,198.78	(33,337,459.85)	Deposits vote reconciles to datastrings
AATHCATA012523	-	6,731.20	(6,731.20)	
AATHDUNA008262	-	6,731.20	(6,731.20)	Minor account
AATHDUNA008308	-	139,276.53	(139,276.53)	
AATHDUNA008309	-	17,504,048.73	(17,504,048.73)	Unpaid November 2024 account
AATHDUNA008346	-	15,680,672.19	(15,680,672.19)	Unpaid December 2024 account
CAT90177070588	6,731.20	6,731.20	-	
DUN90177070068	6,731.20	6,731.20	-	
DUN90177070241	139,276.53	139,276.53	-	
WATER BULK PURCHASE:WITHDRAWALS	152,738.93	-	152,738.93	Withdrawal vote reconciles to datastrings
CAT90177070588	6,731.20	-	6,731.20	
DUN90177070068	6,731.20	-	6,731.20	Payment minor accounts
DUN90177070241	139,276.53	-	139,276.53	
WATER:INPUT VOL: BULK PURCHASES	28,451,994.35	-	28,451,994.35	Water: Input vol Bulk Purchases vote reconciles to datastrings
AATHDUNA008309	15,007,662.62	-	15,007,662.62	Unpaid November 2024 account, excl VAT
AATHDUNA008346	13,444,331.73	-	13,444,331.73	Unpaid December 2024 account, excl VAT
Grand Total	28,757,472.21	33,490,198.78	(4,732,726.57)	

vii) Total outstanding debt owed to ESKOM and DWS as at 31 January 2025



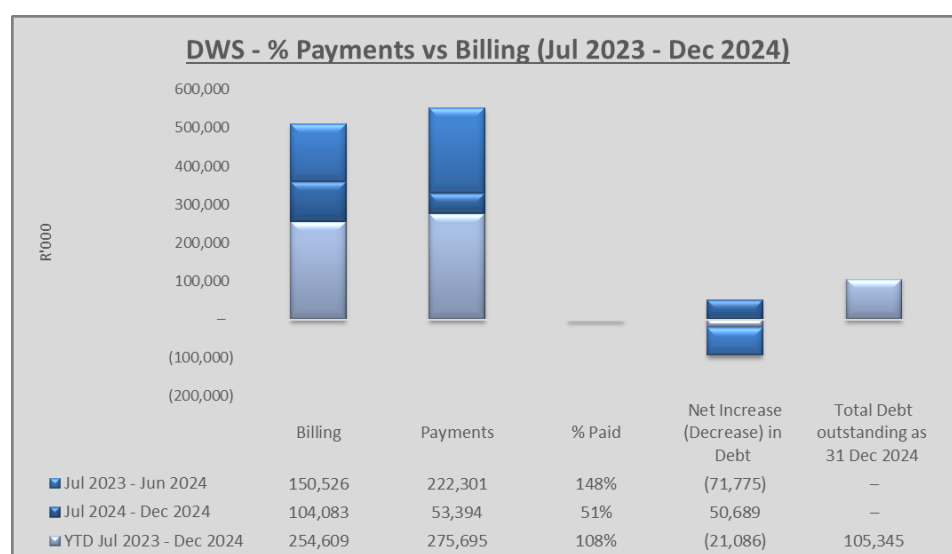
Please refer to section 4.2 for more in-depth information of the debt owed to ESKOM and DWS.



Indicated in the adjacent chart is a summary of the percentage payments versus billed charges for Eskom for the period March 2023 to December 2024.

The total billed charges for the period amounted to R1,728,409 billion, and payments made amounted to R1,504,072 billion. For the period the municipality managed to settle 87% of the billed charges.

The debt outstanding post March 2023 amounts to R224,338m, which includes the outstanding balance on the Payment Arrangement.



Indicated in the adjacent chart is a summary of the percentage payments versus billing for DWS, for the period, July 2023 to December 2024.

The total billing for the period amounted to R254,609m, and payments made amounted to R275,695m. The municipality managed to pay 8% more than what was billed, the net debt reduction amounts to R21,086m, due to the unpaid invoice for October, November and December 2024. This resulted in an escalation of outstanding debt of R50,689m for the current year. For the 2023/24 financial year the municipality reduced the arrear debt by R71,775m.

The debt outstanding as at 31 December 2024 amounts to R105,345m, which includes the outstanding balance on the Debt agreement.

16.7 Municipal Debt Relief Monitoring Plan – Progress report

Indicated in the table below is the monthly progress in terms of the municipal debt relief monitoring.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month's consumption)	6.3.1 The municipality must monthly pay and maintain its Eskom bulk current account and bulk water current account - Department of Water and Sanitation (DWS), within 30 days of receiving the relevant invoice	Monthly, within 30 days of receiving invoice on or before due date as per the monthly invoice	Proof of payment (which includes, remittance advice, invoice and extract of corresponding bank statement)	Compliant - ESKOM On 28 January 2025, the municipality settled an amount of R30,000m and on 29 January 2025 an amount of R40,129m on December 2024 account excluding interest of R1,730m. Total invoice amount was R71,859m. Non-Compliant - DWS The municipality had insufficient cash to settle the current account for December 2024 amounting to R15,681m.
	6.3.1 (a) At a minimum, pay the monthly debt instalment on 5th of each month as per signed debt agreement with DWS. (b) Pay the monthly debt instalment of R6,700m to Eskom with the current account	Monthly, 5th of each month		Non-Compliant - ESKOM The municipality had insufficient cash available from operations to settle R6.7m instalment on the ESKOM payment arrangement on 31 January 2025. Non-compliant - DWS The municipality had insufficient cash available from operations to settle the debt repayment instalment to DWS of R6m on or before 5th of February 2025.
	6.3.2 Submit the supporting evidence of the bulk Eskom current account payment to the National Treasury, Eskom and DWS, within 1 day of making any such payment	Within 1 day after making payment	Proof of payment and proof of email submission	Partially Compliant Email was sent within one day of payment to ESKOM. DWS invoice was unpaid at month-end.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
	6.3.3 Submit the proof of payment to the National Treasury in PDF format via the GoMuni Upload Portal to substantiate that payment was made.	Monthly, within 10 working days after month end	GoMuni Status of Schedule of Revenue Documents Submissions Report	Compliant Proof of Payments made in January 2025 was uploaded onto GoMuni on 4 February 2025. Due date is 14 February 2025.
	6.3.4 - The amount as per the proof of payment must reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom and DWS	Monthly, within 10 working days after month end	Monthly financial data strings	Compliant Transactions as per the ledger reconciles with the monthly datastrings. However minor account payments for Eskom and DWS are posted to the same bulk control votes. Erroneous transactions will be journalised, where applicable. Disclosure issue - the capturing of the current invoice on the system is problematic because it is only received in the new month and captured after month-end closure, resulting in a misalignment between the YTD actual and outstanding creditor amount.
6.6 Electricity and Water Collection (Demonstration through by-laws and budget related policies)	6.6.1 Issue monthly billing and allocate payment received from customers in the following priority order: (1) Property Rates (2) Water (3) Waste Water (4) Refuse Removal and (5) Electricity	Monthly	Monthly billing reconciliation / Financial system generated hierarchy allocation report	Compliant Priority of order of allocations was corrected on the system. This is a once-off correction that the system will apply when payments are made.
	6.6.2 The municipality is disconnecting electricity services and/or blocking the purchasing of pre-paid electricity of any defaulting consumer/property owner	Monthly	Number of disconnected / blocked meters	Prepaid disconnections = 1644 Conventional disconnections = 0 Total = 1644

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
	6.6.3 The municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner	Monthly	Number of restricted / interrupted supply	Due to the fact that our watermeters are too old to be blocked and the cost to replace we currently only partially compliant as SPLM can block electricity if water is not paid (combined account).
	6.6.4 If the defaulting consumer/ property owner is registered as an indigent consumer with the municipality, the monthly supply of electricity and water to that consumer/property owner must be physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively.	Monthly	No of indigent consumers	Partially compliant Current meters do not have the capability to apply restrictions. Technical analysis is required to implement this functionality. Partially compliant as all indigents have prepaid electricity meters and therefore cannot build up debt on electricity.
6.7 Maintain a minimum average quarterly collection of property rates and services charges	6.7.1 The municipality must strictly enforce its credit control and debt management related policies and achieve a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter. Although the norm and standard for collection rate according to MFMA Circular No. 71 indicates a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm	Monthly (Internal) and Quarterly (Debt Relief)	Collect R11,112 million daily over 22-day period, to achieve an average quarterly collection of 85% (Monthly S71 Revenue Collection Ward Template)	Non-Compliant Monthly S71 Revenue Collection rate per Ward for Property rates and Services only = 61%. Quarterly S71 Revenue Collection rate per Ward outcome Q2 = not yet end of quarter Municipality's average collection rate = 76% (Prepaid electricity sales are included) The collection is slightly distorted due to the annual billing on Property rates Not achieved Average daily cash collection for January 2025, was R5,553m.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
	<p>6.7.2 If the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality must demonstrate to the satisfaction of the National Treasury the reasons or that –</p> <p>6.7.2.1 Underperformance directly relates to Eskom Supplied areas</p> <p>6.7.2.2 Physical restriction and/or limit of supply of water is due to Technical Engineering reason(s)</p> <p>6.7.2.3 The municipality has attempted to enter into SLA with Eskom for Eskom Supplied Areas and document reason(s) for failure</p>	Quarterly	Monthly S71 Revenue Collection Ward Template	Ritchie is a small poor community and will not have a significant impact on the collection rate.
	6.7.3 Install progressively smart prepaid meters in municipal supplied areas (Electricity)	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0 Q4: 2,000 (As per SDBIP)	Total smart prepaid electricity meter installations January 2025 = 5,954 YTD installations = 8,387
6.7 Maintain a minimum average quarterly collection of property rates and services charges	6.7.3 Install progressively smart prepaid meters in municipal supplied areas (Water)	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0 Q4: 2,000 (As per SDBIP)	Zero smart prepaid water meters were installed. A feasibility study to be done and meters are not procured.
	6.7.4 All new electricity connections from 2023/24 MTREF must be smart-pre-paid meters	Quarterly	Report on the number of new connections installed with smart prepaid electricity meters	Total smart prepaid electricity meter installations January 2025 = 5,954 YTD installations = 8,387
6.8 Completeness of the revenue base	6.8.1 The municipality must demonstrate by completing the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the	Quarterly	GVR Reconciliation & GoMuni Status of Schedule of	Compliant GVR reconciliation for the second quarter was completed Tuesday, 14 January 2025.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
	registered municipal valuer and demonstrate the steps taken to correct the variances identified; and		Revenue Documents Submissions Report	
	6.8.2 The municipality must submit its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury			Compliant GVR reconciliation to be submitted Tuesday, 14 January 2025.
6.9 Monitor and report on implementation	6.9.1 MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Monthly, within 10 working days after month end	Progress report to be included in Monthly S71 Report	Compliant Report included in the monthly S71 report for January 2025 as per guideline from NT.
	6.9.2 If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?			
	6.9.3 Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, it must monthly report its progress in implementing its FRP to the Provincial Executive			
6.10 Provincial Treasury's Certification of municipal compliance	6.10 Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA to be performed by the relevant PT			
	Executive Management Team (EMT) to review the National Treasury: Local Government Budget Analysis (NT: LGBA) compliance certification for the prior month and take immediate remedial action	Monthly, within 1 days after issue	NT: LGBA Compliance Certification	The municipality received the compliance certificate for December 2024. Management must take remedial actions as per the recommendations made by National Treasury

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
6.12 The municipality for the duration of the Municipal Debt Relief (to ensure proper management of resources)	6.12.1 Open a separate investment account to serve as a sub-account	Once-off	Investment account confirmation	Compliant A call deposit account to serve as a sub-account was opened on 13 November 2023 with our primary banker. Sub-account account is no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No.124
	6.12.1 must apportion and ring-fence in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation	Funds to be invested weekly and withdrawn monthly	Investment account and primary bank statement	Finalised Daily process developed to identify amounts received per service. EQS portion to be considered on a monthly basis, once subsidies have been allocated on the system. Partially Compliant The ESKOM current account was paid directly from the Primary bank account. DWS December 2024 invoice was not settled, due to cash constraints. Investment account statement no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124
	6.12.2 must monthly first apply the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it may apply the revenue in the sub-account for any other purpose.	Monthly	Investment account and bank statement and proof of payment aligned to actual receipts	Partially Compliant The ESKOM current account was paid directly from the Primary bank account. DWS December 2024 invoice was not settled, due to cash constraints. The municipality has shown improvement on its cash flow management, however substantial receipts from debtors are not materialising. Municipality has a backlog in terms of built-up reserves. Salaries and third-party salary payments including commitments to

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2025

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2025
				other creditors make this requirement difficult to maintain.
	The municipality monthly submit a copy of the bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue	Monthly, within 10 working days after month end	Bank statement and proof of payment aligned to actual receipts	Compliant Investment account statement no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124. Primary bank account statement was uploaded onto GoMuni. Payments made directly from Primary bank account.

17. Recommendations

It is recommended that that the Mayoral Committee take note of –

1. The monthly budget statement (S71 Report) for the month of January 2025.
2. The non-compliance emanating from the municipality's debt relief self-assessment and overall performance since 1 October 2023, as well as the National Treasury's independent assessment set-out in paragraph 16 above. Please refer to the Non-compliance report and compliance certificate for November and December 2024.
3. The following remedial actions necessary and/or undertaken to improve the municipality's monthly compliance in terms of the Debt Relief Conditions:
 - a. The municipality must monthly settle the current accounts for ESKOM and DWS.
 - b. Settling of the debt repayment instalment. This needs to be improved upon as the municipality defaulted and made late payments for several months and this does not count in the municipality's favour. Arrear Eskom instalments amount to R33,500 million and DWS amounts to R39,953 million.
 - c. Ensure that bulk invoices are captured and authorised timeously on the system, prior to month-end closure.
 - d. Achieving the quarterly collection rate of 85% as per the Municipal Debt Relief
 - e. Work towards achieving the desired collection rate of 95% with stringent application of the Credit Control Policy.
 - f. Restricting or interrupting of water supply of defaulting customers and indigents. Intervention from the Engineer for Water & Sanitation is critical.
 - g. The municipality was granted approval by National Treasury to partake in the transversal contract for smart prepaid meters.
 - h. Improving on indigent management, especially in light of the audit findings raised.
 - i. Installation of smart prepaid meters, done internally. The involvement of Engineers for Water and Electricity is critically needed in this regard.
 - j. The municipality applied for the Smart Meter Grant, complying to all conditions as prescribed and was granted approval by National Treasury. A service provider was appointed by National Treasury and installations commenced during November 2024.
 - k. Engaging ESKOM to assist in collections in ESKOM supplied areas (Ritchie). Debtors Management to do an assessment of actual debt owed and the number of registered indigents compared to total number of households.
 - l. Development of the policy for smart prepaid metering solutions (The policy was developed and approved by Council with the Adopted Budget on 31 May 2024)
 - m. Ring-fencing actual cash received for Electricity and Water & Sanitation. This is being managed and monitored by the Budget and Treasury Office, daily. However, due to the fact that the municipality is not reaching its projected daily cash collections, funds for specifically Water could not be ring-fenced for the past three months.
 - n. Building up of cash reserves as a matter of urgency.
 - o. The last two items above, can only be realistically achieved if the daily collections and the collection rate improves significantly and the Credit Control Policy is adhered to.
 - p. Drafting and implementing a concise contingency plan on how to provide for the high months. If this is not done, the municipality will struggle with same issue year-on-year.
 - q. Developing of a debt collection strategy that is strictly enforced.
 - r. The municipality appoint debt collectors, to assist with especially legal collections.
 - s. The municipality is also investigating the option to have delinquent rate payers blacklisted.
4. As per recommendations above.
5. The balance of the Eskom bulk account and bulk water account and the municipality's reconciliation of these accounts as set-out in paragraph 16.6 above.
6. It is imperative that Mayoral Committee take note that due to consistent non-compliance to all the conditions of MFMA Circular 124, National Treasury will not recommend the write-off of a third of the municipality's debt after the first 12 months of the municipal debt relief programme.

7. That the Mayoral committee take note of the high possibility that the municipality may be removed from the Municipal Debt Relief Programme, which will have serious repercussions for the municipality.
8. It is imperative that Mayoral Committee take note of the serious non-compliance in respect of defaulting on the July 2024 Eskom account, where the current invoice was not settled in full. The total bill was R148,333 million, of which the municipality settled R80,868 million, resulting in a shortfall of R67,465 million. An amount of R67,191 million was settled on 11 December 2024.
9. It is imperative that Mayoral Committee take note of the serious non-compliance in respect of defaulting on the August 2024 Eskom account, where the current invoice was not settled in full. The total bill was R127,601 million, of which the municipality settled R72,000 million to date, resulting in a shortfall of R55,601 million. This must be remedied by management with immediate effect.
10. To be in good standing with ESKOM and to qualify for the recommendation for the first third debt write-off, the municipality had an obligation to pay R134,337,170.97 by 30 September 2024 which was the completion date of the first 12 months of the municipal debt relief. However, Eskom granted the municipality a grace period until 11 December 2024. On the 11 December 2024, the municipality settled R67,190,839.43 which constitutes 50 percent of the original R134 million. Balance outstanding amounted to R67,146,331.52. The municipality settled an additional R5,000 million on 24 January 2025, resulting in an outstanding balance of R62,146,331.52. The municipality requested an extension until 31 January 2024 to settle the balance, which has not transpired. As indicated in the table below, the amount that the municipality must pay with immediate effect has escalated to **R140,593,586.10**, unless the extension is granted. However, the municipality is in breach of the conditions because the November 2024 account was not settled in full and the debt instalment was not settled.

Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments PA	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,059,100.03	R 273,911.75	R 6,700,000.00	R 6,973,911.75	R 273,911.75
Aug-24	R 127,600,942.44	R 72,000,000.00	R 55,600,942.44		R 55,600,942.44	R 154,610.92
Sep-24	R 71,086,942.52	R 69,337,712.24	R 1,749,230.28	R 6,700,000.00	R 8,449,230.28	R 1,749,230.28
Oct-24	R 73,507,839.50	R 70,741,905.79	R 2,765,933.71	R 6,700,000.00	R 9,465,933.71	R 2,765,933.71
Nov-24	R 69,973,808.12	R 25,000,000.00	R 44,973,808.12	R 6,700,000.00	R 51,673,808.12	R 2,159,642.32
Dec-24	R 71,858,904.48	R 70,129,144.68	R 1,729,759.80	R 6,700,000.00	R 8,429,759.80	R 1,729,759.80
TOTAL ESKOM			R 107,093,586.10	R 33,500,000.00	R 140,593,586.10	R 8,833,088.78

11. To be in good standing with DWS, the municipality must settle the account for October, November and December 2024 amounting to a combined total of R50,688,769.65 and the arrears on the debt agreement amounts to **R39,952,786.02** (defaulted July 2024 to January 2025). This is also the full balance outstanding on the debt agreement, excluding the interest of R14,703,680.46 to be written off. The total amount due to DWS amounts to **R90,641,555.67**.

Month	Invoice Amount incl Interest	Paid Amount	Balance due	Less potential interest write-off	Total Due to be in Good standing	Interest
Arrears	R 54,656,466.48	R -	R 54,656,466.48	-R 14,703,680.46	R 39,952,786.02	R -
Oct-24	R 17,504,048.73	R -	R 17,504,048.73	R -	R 17,504,048.73	R -
Nov-24	R 17,504,048.73	R -	R 17,504,048.73	R -	R 17,504,048.73	R -
Dec-24	R 15,680,672.19	R -	R 15,680,672.19	R -	R 15,680,672.19	R -
TOTAL WATER			R 105,345,236.13	-R 14,703,680.46	R 90,641,555.67	R -

12. **Municipal Debt Relief Benefit** The total debt eligible for write-off, over the 3-year period amounts to **R744,384,421.59**. The first third of the qualifying debt to be written-off amounts to **R248,128,140.53**. Should the municipality fail to comply with the conditions and fail to settle the current year accumulative arrears, this is the debt relief benefit that the municipality will forfeit. This will be a serious blow to the municipality's finances and will have severe repercussions on the already critical cashflow position.

On the DWS debt agreement, the municipality run the risk of being removed from the Department's Debt Incentive Scheme and forfeit the R14m interest write-off. The Department will also resume in charging interest on the cumulative arrear debt.

18. Municipal Manager's quality certification

Quality Certificate

I, BS Matlala, the Municipal Manager of Sol Plaatje Local Municipality, hereby certify that
(mark as appropriate)

☒

the Monthly Budget Statement

☐

Quarterly Report on the implementation of the budget and financial state affairs
of the municipality

☐

Mid-year Budget and Performance Assessment

For the month of **January 2025** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Mr. BS Matlala

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: 

Date: 13 /02/2025



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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FROM: Mr Mandla Gilimani, Tel: 012 315 5807, Email: mandla.gilimani@treasury.gov.za

Mr Bartholomew Matlala
Municipal Manager
Sol Plaatje Local Municipality
Private Bag X 5030
KIMBERLEY
8300

Mr Sadeshe Ramjathan
Director: Revenue Management
National Treasury
Private Bag X 115
PRETORIA
0001

Email: BMatlala@solplaatje.org.za

Dear Mr Matlala and Mr Ramjathan

MFMA CIRCULAR NO.124 – MUNICIPAL DEBT RELIEF NATIONAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF NC091 SOL PLAATJE LOCAL MUNICIPALITY DURING NOVEMBER 2024

In November 2024, the National Treasury conducted a comprehensive evaluation of Sol Plaatje Local Municipality's compliance with the conditions of its debt relief programme, following the municipality's entry into its second compliance cycle on October 1, 2024. This assessment was critical in determining whether the municipality was on track to meet the necessary conditions for sustained debt relief and long-term financial stability.

The evaluation identified several notable achievements, including the implementation of effective budgetary controls, improved financial reporting, and measurable progress in governance practices, all of which reflect the municipality's commitment to reform. However, the assessment also revealed persistent challenges, particularly in expenditure management, which remains misaligned with the programme's objectives. Addressing these weaknesses is crucial to improving the municipality's financial resilience and achieving the overall goals of the debt relief initiative.

A significant concern raised during the evaluation was the municipality's inconsistent collection rate and rising debtor balances, which point to ongoing revenue management issues. The collection rate per ward report for the first quarter of the 2024/25 financial year showed a collection rate of 33% in July 2024, which improved to 66% in August and further to 68% in September, resulting in an overall quarterly collection rate of 52% — well below the target of 85%. However, the collection rate improved to 88% in October 2024, suggesting that progress is possible with the implementation of stronger credit control measures. But sadly, it went down to 58% again during the month of November 2024. The rising debtor balances indicate that the council-approved credit control and debt collection policy is still not being consistently or effectively enforced. This ongoing failure



undermines the municipality's revenue base and compromises its ability to meet financial obligations.

Of particular concern is the municipality's substantial outstanding debt to Eskom, which remains unpaid. This debt poses a significant risk to Sol Plaatje Local Municipality's ability to meet the requirements of the debt relief programme. The immediate payment of the outstanding R134 million, a critical condition for securing the one-third debt write-off, remains unmet. The municipality's failure to settle this amount will result in it missing the debt write-off opportunity, a setback that will further erode its financial position and stability.

As Sol Plaatje Local Municipality progresses through its second compliance cycle, the settlement of its outstanding debt to Eskom remains a top priority. Without immediate action to address this critical issue, the municipality will forfeit the benefits of the debt relief programme and face mounting financial pressures.

The National Treasury will continue to monitor the municipality's performance and provide targeted support to address the identified challenges. The immediate enforcement of credit control and debt collection measures is essential to stabilizing revenue streams and improving compliance with the programme's conditions. However, failure to meet the key requirements, particularly the settlement of the outstanding debt to Eskom, will significantly hinder the municipality's progress toward financial sustainability.

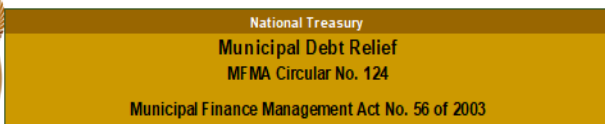
The Treasury remains committed to working collaboratively with Sol Plaatje Local Municipality to ensure the successful implementation of the debt relief programme. However, the municipality's cumulative collection rate, which stands at 73% according to the Section 71 report, remains below the programme's threshold, further compounding the risk of missed opportunities for debt relief. Without urgent intervention to resolve the Eskom debt and strengthen revenue management practices, the municipality will continue to face severe financial challenges.

Condition 6.1 – Municipality non-compliance

In accordance with the National Treasury (NT) approval, Sol Plaatje Local Municipality is required to comply with conditions 6.1 to 6.14 of MFMA Circular 124, as well as the specific conditions outlined in the debt relief approval letter issued by the National Treasury. During November 2024, the National Treasury's assessment revealed that the municipality achieved an average compliance rate of 88 per cent with the MFMA Circular 124 conditions. The performance sheet below illustrates the municipality's overall compliance performance throughout its debt relief cycle.



NC091 Sol Plaatje Local Municipality overall relief performance from July 2023 up to and including November 2024:



Province		
NW		
Code	District	Code Description
NC091	Franses Baard	Sol Plaatje

Monthly Performance Report																																																	
Municipal Details			Part A					Part B					Part C			Part D				Part E					Part F																								
			Eskom And Bulk water current account					Compliance with a funded MTRF					FRP/BFP & Tariff Assessment			Electricity and water a collection tools				Quarterly collection of property rates and services charges					Maximization of Revenue Base					Oversight					Compliance Status														
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score					
1.July	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	88%	Non Compliance		
2.August	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	83%	Non Compliance		
3.September	Sol Plaatje	NC091	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	
4.October	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	90%	Non Compliance
5.November	Sol Plaatje	NC091	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	88%	Non Compliance
6.December	Sol Plaatje	NC091																																													0%	Non Compliance	
7.January	Sol Plaatje	NC091																																													0%	Non Compliance	
8.February	Sol Plaatje	NC091																																													0%	Non Compliance	
9.March	Sol Plaatje	NC091																																													0%	Non Compliance	
10.April	Sol Plaatje	NC091																																													0%	Non Compliance	
11.May	Sol Plaatje	NC091																																													0%	Non Compliance	
12.June	Sol Plaatje	NC091																																													0%	Non Compliance	

The National Treasury will request Eskom to write off a municipality's arrear debt only if the municipality demonstrates full compliance with the conditions of the Municipal Debt Relief Programme for a consecutive period of 12 months, to the satisfaction of the National Treasury.

Sol Plaatje Local Municipality is strongly encouraged to continue making progress toward full compliance with all conditions of the debt relief programme. However, it is concerning that the municipality has not paid Eskom in full during the first compliance cycle. To secure the benefits of the debt relief initiative, the municipality must significantly improve its payment performance to Eskom and ensure that outstanding debts are settled as required under the programme's conditions.

Condition 6.2 – Application-based supported by Council's resolution

The Sol Plaatje Local Municipality applied for the Municipal Debt Relief Programme and received conditional approval from the National Treasury, following formal endorsement by its council. This approval was contingent upon the municipality addressing key deficiencies in its financial and administrative systems. Recognizing the critical nature of this opportunity, the municipality's leadership and management undertook a comprehensive review to identify areas requiring improvement. Backed by strong political support from the council, a strategic action plan was developed to strengthen financial controls, improve revenue collection, optimize expenditure management, and enhance governance practices.



In response to the conditional approval, the municipality implemented a series of decisive reforms to address the identified shortcomings. These included strengthening financial oversight mechanisms, streamlining budgeting processes for greater efficiency, and adopting best governance practices to ensure accountability. To maintain momentum and track progress, the municipality introduced regular monitoring and reporting frameworks, which have helped foster a culture of transparency and responsible management.

The municipality's commitment to these reforms has resulted in measurable progress in addressing the conditions set by the National Treasury. As a result, it successfully fulfilled the necessary requirements, securing final approval for its debt relief application.

This milestone represents a transformative achievement for the municipality, marking a significant step toward financial stability. With the reforms now in place, the municipality is better positioned to achieve long-term fiscal sustainability, strengthen its revenue base, and enhance service delivery to residents. The implementation of these improvements not only addresses immediate financial challenges but also lays the foundation for sustained progress and growth in the years ahead.

Condition 6.3 – Maintaining the Eskom bulk current account

Based on the November 2024 results, Sol Plaatje Local Municipality continues to make concerted efforts to manage its debt obligations with Eskom and the Department of Water and Sanitation (DWS). However, significant challenges remain in fully addressing its outstanding arrears, which pose a risk to the municipality's compliance with the conditions of the debt relief programme.

On 30 September 2024, the municipality made a payment of R16,698 million to fully settle its August 2024 current water account. Additionally, a payment of R67 million was made toward the August 2024 Eskom invoice, excluding R154 thousand in interest charges. Despite these payments, the total invoice for August stood at R127,601 million, leaving an outstanding balance that remains unresolved.

In October 2024, the municipality continued its efforts to address its financial obligations. A payment of R18,972,818.12 was made to DWS, settling the September 2024 account in full, demonstrating the municipality's commitment to reducing its water-related liabilities. However, it failed to honour its agreed repayment arrangement of R6.7 million with Eskom and R6m with DWS, reflecting a lapse in compliance with its debt repayment commitments.

During the same period, the municipality paid R69,337,712.24 toward Eskom's September 2024 invoice, which helped reduce the growing balance but remained insufficient given the substantial outstanding arrears.

In previous months, the municipality made partial payments on its July 2024 Eskom account. By 29 August 2024, it had paid a total of R80,868 million, leaving an outstanding balance of R67,465 million, excluding R274 thousand in interest charges. This shortfall on the July account represents



a breach of the compliance requirements outlined in MFMA Circular 124 and necessitates immediate corrective action. While National Treasury acknowledges the financial strain caused by high-demand billing periods, such as those experienced in July, it emphasizes the need for a strategic approach to managing peak expenses.

In November 2024, the municipality settled an amount of R70,742 million on its current account, excluding interest amounting to R2,766 million. The payment was made in two tranches: R40,742 million on 28 November 2024 and R30,000 million on 29 November 2024. The total invoice amount for October was R73,508 million. While this payment demonstrates ongoing efforts to meet obligations, the municipality must ensure that payments are made in full and on time to achieve compliance with the debt relief programme.

Despite these efforts, the municipality's total outstanding debt to Eskom remains substantial at R134 million, posing a significant risk to its eligibility for the anticipated debt write-off under the programme. Full compliance with payment obligations is essential to qualify for this relief.

On the other hand, the municipality has shown proactive efforts in addressing its water-related liabilities. The R18,972 million payment made toward its September 2024 DWS account reflects progress. However, no payment was made to DWS in respect of the current account for October 2024, and this constitutes a serious breach of the conditions, and the missed repayment arrangement raises concerns about the municipality's ability to sustain its financial commitments in the long term.

Condition 6.4 – A funded MTREF

The Sol Plaatje Local Municipality has successfully secured full funding for its 2024/2025 fiscal year budget, ensuring that all planned expenditures and projects will proceed as scheduled. This financial stability forms a vital foundation for the municipality, enabling the implementation of key initiatives, the maintenance of essential services, and the promotion of sustainable development aimed at improving the quality of life for its residents.

With the necessary funding in place, the municipality can now focus on delivering critical infrastructure projects, expanding public services, and investing in community-focused initiatives. Key projects slated for implementation include the upgrading of water and sanitation systems, the expansion of road networks, improvements to public transportation, and programmes supporting local economic development. These projects are designed to address both immediate community needs and long-term development goals. Additionally, the budget ensures the uninterrupted delivery of essential services, including healthcare, education, public safety, and other vital municipal functions that are crucial to the well-being of residents.

The successful funding of this budget reflects the municipality's commitment to sound financial management and strategic planning. By securing the necessary financial resources, the municipality is well-equipped to meet both its short-term obligations and long-term goals. This



proactive approach enhances the municipality's ability to attract investment, stimulate economic growth, and build a dynamic, resilient community.

The fully funded budget demonstrates a forward-thinking governance model that addresses current challenges while laying a strong foundation for future prosperity. By ensuring financial security and stability, the municipality is empowering itself to promote inclusive growth, improve service delivery, and achieve sustainable development for the benefit of all its residents.

Conditions 6.5 – Cost reflective tariffs

The 2024/2025 budget, while initially developed without the integration of a cost-reflective tariff tool, presents a significant opportunity for the municipality to improve its financial planning and sustainability. Recognizing this gap is a crucial step toward adopting more precise and responsible fiscal practices. By incorporating the draft cost-reflective tariff tool, the municipality can align service tariffs with the actual costs of operations and maintenance. This alignment not only enhances financial stability but also establishes a solid foundation for future infrastructure investments, steering the municipality toward long-term financial sustainability.

Addressing this shortcoming will strengthen the municipality's financial position and demonstrate a forward-thinking approach to governance. Once the cost-reflective tariff tool is fully implemented, the municipality will be able to fund essential services more reliably and efficiently, fostering greater trust and confidence among residents. Transitioning to transparent, cost-based pricing reflects a strong commitment to financial accountability and equips the municipality to better meet the needs of the community. Additionally, it ensures a dependable revenue stream to support critical services without compromising quality or accessibility.

By closing this gap, the municipality underscores its dedication to continuous improvement and excellence in service delivery. Adopting the cost-reflective tariff tool will enable the municipality to mitigate potential financial shortfalls and shift toward a proactive, sustainable financial model. This approach aligns with the municipality's broader objectives of building a resilient, prosperous community and reaffirms its role as a responsible steward of public resources. Ultimately, this commitment to fiscal transparency and accountability will strengthen the municipality's capacity to deliver high-quality services that meet the evolving needs of its residents.

Condition 6.6 – Electricity and water as collection tools

The municipality's approved credit and debt collection policy outlines clear guidelines for the allocation of payments; however, these guidelines are not consistently applied. This inconsistency in payment allocation has resulted in discrepancies in debt recording and management, posing risks to the municipality's overall financial health. Compounding this challenge is a technological gap due to the lack of infrastructure to restrict water supply for non-indigent consumers who default on



payments. Addressing this issue is a priority, with potential solutions and their associated costs currently under review.

Despite these challenges, the municipality remains steadfast in its commitment to supporting vulnerable populations. Registered indigent consumers receive essential services, including a monthly allocation of 50 kilowatt-hours of electricity and 6 kilolitres of water. This initiative demonstrates the municipality's dedication to ensuring that basic needs are met for those most in need, promoting equitable access to essential resources for indigent households.

All financial information, including the provision of support to indigent consumers, is reported transparently through the monthly MFMA Section 71 statement, as mandated by National Treasury regulations. This transparency and accountability highlight the municipality's commitment to responsible governance and strict adherence to statutory guidelines. By openly communicating both its challenges and achievements, the municipality continues to build trust and ensure that stakeholders remain informed about its financial and operational performance.

Conditions 6.8 – Completeness of the Revenue Base

The Property Rates Reconciliation Summary for Sol Plaatje Local Municipality, covering the first quarter of the 2024/2025 financial year, reflects a strong alignment between the General Valuation Roll (GV) and the Municipal Financial System (MFS) across various property categories. This reconciliation highlights the municipality's commitment to maintaining accurate and consistent property records, a critical component of effective financial management and sustainable revenue collection. The close alignment of property counts and market values across these systems demonstrates the municipality's dedication to transparency, reliability, and financial accountability in property rate reporting.

Part A: Reconciliation Summary

Part A of the report provides a comprehensive overview of the Number of Properties and Market Values for key property categories, including Residential, Industrial, Business and Commercial, Agricultural, and Municipal properties. The summary shows that the valuation roll is fully aligned with the municipal financial system, with zero variance for both property counts and market values across all categories.

The reconciliation records a total of 60,680 properties, with a combined Market Value of R40,423,988,208. This consistency between the General Valuation Roll and the Municipal Financial System ensures that property data remains synchronized, enabling precise billing and reinforcing the municipality's financial stability. Accurate and up-to-date property records are essential for ensuring that property taxes are calculated fairly and efficiently, thereby promoting equitable treatment for all property owners.



The zero-variance alignment signifies the municipality's rigorous approach to maintaining accurate property data, strengthening its capacity to manage revenue streams effectively. By ensuring that the valuation roll and financial systems are fully aligned, the municipality has established a solid foundation for efficient property tax administration, which remains a key revenue source for local governments.

Part B: Detailed Reconciliation

Part B of the report provides a detailed analysis of Monthly Billing Figures, categorizing data into Mapped Accounts and Unmapped Accounts. It further compares values recorded in the General Valuation Roll with those in the Municipal Financial System and highlights any discrepancies that require further investigation.

In the Residential property category, the General Valuation Roll records mapped accounts at R24,079,921, while the Municipal Financial System reflects R22,796,241, resulting in a variance of R1,283,679. Similarly, the State-Owned for Public Purpose category shows a significant variance of R7,043,574 between the two systems, pointing to discrepancies that need to be addressed. The municipality indicated in the S71 report, that they need assistance from National Treasury in how to deal with properties that gets billed annually.

The report shows that the Mapped Accounts Total stands at R50,236,052, while the Unmapped Accounts Total amounts to R50,486,544, indicating further variances in other property categories. These discrepancies highlight areas that require closer scrutiny to ensure accurate billing and minimize potential revenue loss.



GV Reconciliation Summary						
Province	NC					
District	Frances Baard District					
Type	LM					
Municipal Name	Sol Plaatje					
GV Period	01/07/2023 - 30/06/2027					
Financial Year	2024/2025					
Reconciliation Period	Quarter 1					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	50454	50454	0	23,955,274,603	23,955,274,603	-
Industrial	214	214	0	807,010,000	807,010,000	-
Business and Commercial	2326	2326	0	7,560,646,001	7,560,646,001	-
Agricultural	422	422	0	2,612,916,700	2,612,916,700	-
Mining	21	21	0	102,685,400	102,685,400	-
State Owned for Public Purpose	133	133	0	2,498,871,000	2,498,871,000	-
PSI	464	464	0	157,379,000	157,379,000	-
PBO	196	196	0	508,041,001	508,041,001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	239	239	0	607,129,000	607,129,000	-
Municipal	5327	5327	0	1,512,971,503	1,512,971,503	-
Other	884	884	0	101,064,000	101,064,000	-
Total	60,680	60,680	-	40,423,988,208	40,423,988,208	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	24,079,921	22,796,241	1,283,679	24,079,921	22,890,379	1,189,542
Industrial	2,447,056	2,325,687	121,370	2,447,056	2,392,699	54,357
Business and Commercial	22,925,769	20,850,181	2,075,587	22,925,769	20,957,177	1,968,591
Agricultural	660,197	345,051	315,146	660,197	338,912	321,285
Mining	622,479	595,421	27,058	622,479	595,421	27,058
State Owned for Public Purpose	10,355,530	3,311,956	7,043,574	10,355,530	3,311,956	7,043,574
PSI	-	-	-	-	-	-
PBO	-	2,395	2,395	-	-	-
Multi Use	-	-	-	-	-	-
Vacant	-	-	-	-	-	-
POW	-	9,119	9,119	-	-	-
Municipal	-	-	-	-	-	-
Other	#VALUE!	-	#VALUE!	#VALUE!	0	#VALUE!
Total	#VALUE!	50,236,052	#VALUE!	#VALUE!	50,486,544	#VALUE!

Condition 6.9 – Monitor and Report on compliance

The data strings have been successfully uploaded to the GoMuni system, an online platform that enables municipalities to submit operational and financial data. As part of this process, the municipality has consistently uploaded the Municipal Finance Management Act (MFMA) Section 71 report, a critical document for evaluating the municipality's monthly financial performance. This report provides a comprehensive breakdown of revenue, expenditures, and budget compliance, serving as a vital tool for promoting transparency, ensuring accountability, and supporting effective financial management.



MFMA S71 Statement component		Compliance (Yes / No)
1.	<i>The Budget Performance Overview (paragraph 4) of the MFMA S71 statement</i> explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	<i>The conclusion (paragraph 14) of the MFMA S71 statement</i> explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	Yes
3.	<i>Annexure B of the MFMA S71 statement included the following debt relief reporting components-</i>	
3.1.1	The municipality's MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D) .	Yes
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C) .	Yes
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes



MFMA S71 Statement component		Compliance (Yes / No)
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	Yes

The S71 report, which provides a comprehensive overview of the municipality's financial performance for the reporting month, underwent a thorough review to ensure both accuracy and completeness. In addition to analysing core financial data, this review included a meticulous examination of supplementary documents such as reconciliations, explanatory notes, and variance reports. This detailed scrutiny is essential for identifying the root causes of deviations from budgeted figures, enabling the municipality to detect trends, assess risks, and implement corrective measures where necessary.

The evaluation of the S71 report goes beyond a mere snapshot of the municipality's financial health. It serves as a proactive financial management tool, allowing the municipality to identify early warning signs of potential challenges. By leveraging these insights, the municipality can make data-driven decisions and take timely actions to prevent financial shortfalls or disruptions to operations. This process ensures that any emerging risks are addressed promptly, reducing the likelihood of future deficits.

A key aspect of this process is the municipality's adherence to submission deadlines. Ensuring that all required documents are uploaded accurately and on time is critical to complying with regulatory mandates and maintaining accountability. Meeting these deadlines reflects the municipality's commitment to transparency and reinforces trust with stakeholders and regulatory bodies.

Maintaining comprehensive and reliable financial records is essential for effective oversight and good governance. The municipality's diligence in preparing and submitting the S71 report strengthens financial accountability and fosters confidence among residents and investors.

Ultimately, these efforts are key to promoting the long-term financial sustainability of the municipality. By consistently leveraging the insights gained from the S71 report, the municipality can continue to deliver high-quality services, respond to community needs efficiently, and uphold its role as a responsible steward of public resources.

Condition 6.10 – National Treasury certification of municipal compliance

The National Treasury plays a critical role in overseeing the Municipal Debt Relief Programme, ensuring that municipalities comply with the necessary conditions for effective debt management and financial recovery. This oversight is essential for fostering financial discipline, accountability, and stability within the municipal system. Through this letter, the National Treasury formally certifies



that Sol Plaatje Local Municipality has successfully met the programme's requirements, reflecting its commitment to enforcing compliance and promoting sound financial governance.

Through rigorous monitoring and evaluation, the National Treasury ensures that the municipality adheres to established guidelines aimed at maintaining financial stability and preventing further debt accumulation. This certification is more than just a procedural milestone; it is a key component of a broader strategy to encourage municipalities to adopt responsible financial management practices. By reinforcing adherence to robust fiscal policies, the certification process supports the implementation of sustainable economic measures, which are essential for achieving long-term financial resilience.

This structured and transparent approach to fiscal recovery empowers municipalities to deliver critical services more effectively, rebuild public trust, and contribute meaningfully to local economic development. The certification provides municipalities with a clear framework for restoring their financial health while remaining within budgetary limits, ensuring that recovery efforts are both practical and sustainable.

In supporting municipal recovery, the National Treasury strengthens the foundation for future growth and resilience. This process benefits not only the municipalities themselves but also the communities they serve, fostering a more stable, accountable, and prosperous local government system. By encouraging responsible financial governance, the National Treasury ensures that municipalities can continue to meet their service delivery mandates and contribute to broader economic progress.

Condition 6.11 – Limitation on Municipal borrowing powers

The restrictions on municipal borrowing and the prohibition of incurring new debt during designated debt relief periods form a critical regulatory framework that promotes fiscal responsibility within municipalities. This framework mandates a thorough review of all borrowing activities to ensure compliance with set limits and alignment with the conditions of the debt relief programme. These measures are designed to curb excessive borrowing, reduce financial risk, and alleviate short-term financial pressures, ultimately strengthening the long-term financial stability of municipalities.

Since the implementation of its debt relief programme on October 1, 2023, the municipality has strictly adhered to these borrowing restrictions. This compliance has been instrumental in preserving its creditworthiness and mitigating financial risks. By consistently adhering to these regulations, the municipality demonstrates a strong commitment to sound financial governance, safeguarding its fiscal health and ensuring it remains on a sustainable financial path.

This disciplined approach to debt management reinforces the municipality's fiscal resilience and instils confidence among stakeholders, including residents, investors, and regulatory bodies. By limiting its reliance on new debt and focusing on responsible financial practices, the municipality is



well-positioned to maintain financial stability and meet the evolving needs of its community, securing a more stable and sustainable future.

Condition 6.12 Proper management of resources and Condition 6.13 – Accounting Treatment

The updated Supplementary Guide to MFMA Circular No. 124 introduces key improvements to the management of debt relief funds by municipalities, reinforcing accountability and financial oversight. Under the revised framework, municipalities are required to integrate debt relief funds into their general accounts while maintaining clear segregation in their monthly mSCOA submissions. This dual approach streamlines banking structures, optimizes fund management, and ensures that debt relief resources are managed responsibly with robust oversight mechanisms in place.

A critical enhancement in the updated guide is the requirement for municipalities to upload monthly bank reconciliations and detailed bank statements to the GoMuni platform. This step highlights the importance of transparency and rigorous financial reporting, particularly concerning debt relief funds. By consolidating all financial transactions on a centralized platform, municipalities provide a comprehensive view of their financial activities, allowing stakeholders to effectively evaluate the management of debt relief resources. This increased visibility fosters public trust and aligns municipal practices with National Treasury's high standards of financial integrity.

The revised guidelines also introduce a focus on accurate accounting adjustments to reflect debt relief benefits, such as interest write-offs granted by creditors like Eskom. Municipalities are required to make precise ledger entries that clearly capture these adjustments in their financial statements. This ensures that financial reports present a transparent and reliable account of the debt relief benefits received. Proper documentation of these adjustments demonstrates the municipality's commitment to responsible financial management and assures stakeholders that debt relief measures are accurately implemented and reported.

The updated guide further emphasizes structured reporting and accurate record-keeping, which are essential to achieving fiscal stability and promoting sustainable financial management. By requiring detailed reporting and reconciliation, the guidelines position municipalities to manage debt relief funds responsibly, minimizing the risk of future debt accumulation. Additionally, the strengthened reporting framework supports long-term financial resilience, ensuring that municipalities remain on a sustainable financial path.

Overall, the updated Supplementary Guide to MFMA Circular No. 124 equips municipalities with the tools to achieve greater financial accountability and transparency. By adhering to these principles, municipalities can maintain public trust, support effective service delivery, and contribute to the economic well-being of their communities. This proactive approach to debt relief fund management reinforces municipalities' roles as responsible stewards of public resources and lays the foundation for sustainable economic growth at the local level.



Condition 6.14 – NERSA Licence

Participation in the Municipal Debt Relief Programme requires municipalities to commit to a set of stringent conditions. A key condition stipulates that if a municipality fails to comply with the programme's requirements during its term, it must voluntarily apply to the National Energy Regulator of South Africa (NERSA) to revoke its electricity supply license under section 17 of the Electricity Regulation Act of 2006. This provision acts as a powerful incentive, underscoring the importance of compliance for continued participation in the programme.

The requirement to surrender the electricity license is only enacted if the municipality's involvement in the debt relief programme is terminated due to non-compliance. This condition reflects the serious commitment municipalities undertake when joining the programme, as it holds them accountable to maintain operational and financial discipline. By reinforcing the consequences of non-compliance, this measure emphasizes the programme's goal of promoting sustainable financial health and responsible governance.

This provision further highlights the critical role that compliance plays in the success of the Municipal Debt Relief Programme. Municipalities are not only tasked with adhering to programme guidelines but are also held to the highest standards of accountability to retain their operational capabilities. The potential revocation of an electricity license serves as a stark reminder of the consequences of failing to meet the programme's conditions, motivating municipalities to stay aligned with its objectives.

Ultimately, this rigorous requirement reflects the National Treasury's commitment to fostering fiscal discipline within municipalities. By setting a high standard for compliance, the Debt Relief Programme supports municipalities in their efforts to achieve financial stability and deliver essential services, ensuring they remain on a sustainable path for the benefit of their communities.

Recommendations:

Based on the detailed evaluation of Sol Plaatje Local Municipality's performance in the Municipal Debt Relief Programme, the following high-level strategic recommendations are proposed to address the challenges and enhance the municipality's financial management and operational efficiency:

1. Prioritize the Immediate Settlement of Outstanding Eskom Debt

The municipality should urgently prioritize settling its outstanding debt to Eskom, particularly the R134 million required to secure the one-third debt write-off under the Debt Relief Programme. This can be achieved through improved collection strategies, stricter enforcement of credit control policies, and the reallocation of funds to meet critical payment obligations.

Key Action:

Implement a focused repayment strategy with clear timelines to settle arrears and prevent future accumulation of debt.

2. Strengthen Revenue Collection and Credit Control Measures



The municipality must enhance its revenue management practices by enforcing its credit control and debt collection policies consistently. This includes using utility services, such as electricity and water, as collection tools to improve payment rates and reduce debtor balances.

Key Action:

Introduce automated billing and payment reminder systems.

Conduct targeted outreach to encourage timely payments and reduce default rates.

Apply service restrictions for non-indigent defaulters, where applicable.

3. Enhance Financial Reporting and Data Integrity

The municipality must ensure the accuracy and completeness of its financial data, particularly in its monthly Section 71 reports. This includes reconciling discrepancies between the General Valuation Roll and the Municipal Financial System and providing detailed explanations for any variances.

Key Action:

Conduct monthly reconciliations of property rates, revenue collection, and bulk service payments.

Ensure timely submission of comprehensive Section 71 reports to maintain compliance with National Treasury requirements.

4. Develop a Strategic Debt Management Plan

The municipality should adopt a long-term debt management strategy that includes clear repayment schedules, risk assessments, and contingency plans to manage peak financial pressures. This strategy should also consider ways to prevent future debt accumulation.

Key Action:

Establish a debt management committee to oversee the implementation of the plan.

Conduct regular risk assessments to identify potential financial pressures and develop mitigation strategies.

5. Improve Stakeholder Communication and Transparency

The municipality must enhance its communication with stakeholders, including residents, businesses, and regulatory bodies, regarding its financial performance, debt relief progress, and compliance status. Transparent reporting will help build trust and accountability.

Key Action:

Publish quarterly updates on the municipality's progress in meeting debt relief conditions.

Engage with the community through public meetings and digital platforms to explain financial decisions and address concerns.

6. Invest in Infrastructure to Support Service Delivery and Revenue Collection

The municipality should address gaps in infrastructure that hinder its ability to enforce credit control measures, such as the lack of water supply restriction infrastructure. Investing in such infrastructure will improve the municipality's ability to manage non-payment risks.

Key Action:

Conduct a feasibility study on installing water supply restriction technology.



Allocate budgetary resources to fund infrastructure upgrades that enhance service delivery and revenue management.

7. Ensure Full Compliance with National Treasury Conditions

The municipality must commit to achieving full compliance with all conditions of the Debt Relief Programme to avoid penalties, including the potential revocation of its NERSA electricity license. This requires a dedicated focus on maintaining financial discipline, timely reporting, and meeting all regulatory requirements.

Key Action:

Assign a dedicated compliance officer to oversee adherence to the programme's conditions.

Conduct regular internal audits to ensure compliance with MFMA Circular 124 and related guidelines.

Implement corrective actions promptly to address any identified non-compliance issues.

For enquiries, please feel free to contact Mr. Mandla Gilimani on mandla.gilimani@treasury.gov.za

Kind regards

MANDLA GILIMANI

DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS


DATE: 22/01/2025

CC: Mrs Marli van der Woude, MFIP Revenue Advisor – marli@mfip.gov.za



Annexures (November 2024 Compliance Certificates)

Annexure A2 - Monthly

	National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003	
National Treasury		
Certificate of Compliance: Municipal Debt Relief Conditions for Application		
Period	Nov'24	
National Financial Year	2024/25	
Demarcation Code of Municipality being assessed	NC091	
District	Frances Baard	
Demarcation Description	Sol Plaatje	
<p>I, Mandla Gilimani, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:</p>		
Municipal Debt Relief Conditions (Monthly reporting) Choose from drop down list		
6.3 + Maintaining the Eskom and bulk water current account – Condition 6.12 (current account for the purpose of this exercise means the account for a single month's consumption):		
1	6.12.2 - Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - refer condition 6.12.2	No
2	6.12.2 - Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	No
3	6.12.2 - Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No
4	6.3.1 - Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.	Yes
5	6.3.2 6.3.3 - Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	Yes
6	6.3.4 - Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes
6.4 Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)		2024/25 Adopted MTREF
7	6.4.1 - Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	Yes
8	6.4.1 - Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
9	6.4.1 - Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes
Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".		
10	6.4.1 - Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes
Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".		



11	6.4.2	- If the municipality's MTREF is not funded , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	N/A - the MTREF is funded
<p><i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i></p>			
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework , does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/a
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 - Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes
14	6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes
<p>6.6 Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:</p>			
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	No
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No
<p>6.6 Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.</p>			
<p>6.7 Maintain a minimum average quarterly collection of property rates and services charges –</p>			
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter
<p><i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i></p>			
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :	



20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <u>and</u> that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1.	not yet the end of a quarter ▼
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	not yet the end of a quarter ▼
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and</u> the reason(s) for the failure?	not yet the end of a quarter ▼
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes ▼
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes ▼
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes ▼
6.8 Municipality's Completeness of the revenue base –			
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes ▼
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes ▼
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za ?	Yes ▼



	6.9	Monitor and report on implementation –		
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	<input type="text" value="Yes"/>	
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	<input type="text" value="6.9.1 = Yes"/>	
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	<input type="text" value="No FRP"/>	
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	<input type="text" value="No FRP"/>	
		<i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i>		
	6.10	Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	<input type="text" value="Yes"/>	
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	<input type="text" value="Yes"/>	
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	<input type="text" value="No"/>	
		<i>Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.</i>		
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	<input type="text" value="No"/>	
		<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>		
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	<input type="text" value="Yes"/>	
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	<input type="text" value="No"/>	
		<i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i>		
39		Supporting evidence : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	<input type="text" value="Yes"/>	
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i>	<input type="text" value="Yes"/>	
41	6.14	NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	<input type="text" value="Yes"/>	
		<i>Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i>		



Mandla Gilimani

NT / Name:

Signature of NT:



22/01/2025

Date:

Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procuration of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.

Note – The Signed Certificate to be uploaded on Gumini must not include comments column - comments need to be incorporated into the related PT report

Monthly Performance Report

	<p>National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003</p>	<table><tr><th colspan="3">Province</th></tr><tr><td colspan="3">NW</td></tr><tr><td>Code</td><td>District</td><td>Code Description</td></tr><tr><td>NC091</td><td>Frances Baard</td><td>Sol Plaatje</td></tr></table>	Province			NW			Code	District	Code Description	NC091	Frances Baard	Sol Plaatje																															
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Monthly Performance Report																																													
Municipal Details	Part A Eskom And Bulk water current account	Part B Compliance with a funded MTRF	Part C FRPBFP & Tariff Assessment	Part D Electricity and water as collection tools	Part E Quarterly collection of property rates and services charges	Part F Maximization of Revenue Base	Part G Oversight	Part H Compliance Status																																					
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	
1.July	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	No	88%	Non Compliance	
2.August	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	No	Yes	Yes	Yes	No	73%	Non Compliance
3.September	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	No	Yes	Yes	No	94%	Non Compliance	
4.October	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	No	85%	Non Compliance	
5.November	Sol Plaatje	NC091	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	No	Yes	Yes	No	0%	Non Compliance
6.December	Sol Plaatje	NC091																																									0%	Non Compliance	
7.January	Sol Plaatje	NC091																																									0%	Non Compliance	
8.February	Sol Plaatje	NC091																																									0%	Non Compliance	
9.March	Sol Plaatje	NC091																																									0%	Non Compliance	
10.April	Sol Plaatje	NC091																																									0%	Non Compliance	
11.May	Sol Plaatje	NC091																																									0%	Non Compliance	
12.June	Sol Plaatje	NC091																																									0%	Non Compliance	
																																										Comments/Motivation			
NT Name:			Mandla Gilimani																																										
Signature of NT:																																													
Date:			22/01/2025																																										

Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procuration of the HOD must be attached as an Annexure to this Certificate of Compliance.



national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

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FROM: Mr Mandla Gilimani, Tel: 012 315 5807, Email: mandla.gilimani@treasury.gov.za

Mr Bartholomew Matlala
Municipal Manager
Sol Plaatje Local Municipality
Private Bag X 5030
KIMBERLEY
8300

Mr Sadeshe Ramjathan
Director: Revenue Management
National Treasury
Private Bag X 115
PRETORIA
0001

Email: BMatlala@solplaatje.org.za

Dear Mr Matlala and Mr Ramjathan

MFMA CIRCULAR NO.124 – MUNICIPAL DEBT RELIEF NATIONAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF NC091 SOL PLAATJE LOCAL MUNICIPALITY DURING DECEMBER 2024

In December 2024, the National Treasury undertook a comprehensive review of Sol Plaatje Local Municipality's compliance with the conditions of its debt relief programme. This evaluation, conducted during the municipality's second compliance cycle, which began on October 1, 2024, was a critical measure of its progress toward achieving sustained debt relief and long-term financial stability.

The review showcased several notable achievements, including the implementation of stringent budgetary controls, improved financial reporting, and significant strides in governance practices—all reflecting the municipality's strong commitment to reform. Despite these advancements, persistent challenges were identified, particularly in expenditure management, which remains misaligned with the programme's objectives. Addressing these issues will be pivotal to bolstering the municipality's financial resilience and realizing the overarching goals of the debt relief initiative.

The evaluation raised significant concerns about the municipality's inconsistent collection rate and growing debtor balances, highlighting ongoing revenue management challenges. In the first quarter of the 2024/25 financial year, the collection rate improved from 33% in July 2024 to 66% in August and 68% in September, achieving an overall quarterly rate of 52%, well below the 85% target. While the rate improved to 88% in October, it dropped again to 64% in December, falling short of the norm. These inconsistencies, coupled with rising debtor balances, indicate that the council-approved credit control and debt collection policy is not being effectively enforced, undermining the municipality's revenue base and financial stability.



The municipality's substantial unpaid current year arrear debt to Eskom, totalling R134.766 million, remained a critical qualifying one-third debt write-off issue. It is noted that on 11 December 2024 the municipality made a payment of R67.191 million on the current year arrear debt of R134,766 million, resulting in an outstanding balance of R67,575 million. This debt jeopardizes compliance with the debt relief programme, as immediate payment is a prerequisite for securing a one-third debt write-off. Failure to settle this amount will result in the municipality losing this opportunity, further weakening its financial position.

As the municipality continues its second compliance cycle, settling the Eskom debt must be a top priority. Without urgent action, Sol Plaatje Local Municipality risks forfeiting the benefits of the debt relief programme and worsening its financial challenges.

The National Treasury will maintain oversight and provide support to address these issues. Enforcing credit control and debt collection measures is essential to stabilizing revenue streams and meeting programme conditions. However, failure to resolve the Eskom debt will severely hinder progress toward financial sustainability.

The Treasury remains committed to supporting the municipality in successfully implementing the debt relief programme. However, the cumulative collection rate of 73%, as reported in the Section 71 report, and December's 70% rate remain below the 85% target, compounding financial risks. Without decisive intervention to resolve the Eskom debt and improve revenue management, the municipality faces continued financial instability.

Condition 6.1 – Municipality non-compliance

As per the National Treasury's (NT) approval, Sol Plaatje Local Municipality is mandated to comply with conditions 6.1 to 6.14 of MFMA Circular 124, along with the specific requirements detailed in the debt relief approval letter issued by the NT. In December 2024, the National Treasury's assessment reported that the municipality achieved an average compliance rate of 70% with the MFMA Circular 124 conditions. The performance summary below provides an overview of the municipality's compliance performance throughout its debt relief cycle.

NC091 Sol Plaatje Local Municipality overall relief performance from July 2023 up to and including December 2024:



National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Province		
NW		
Code	District	Code Description
NC091	Frances Baard	Sol Plaatje

Monthly Performance Report																																															
Municipal Details			Part A				Part B					Part C				Part D				Part E					Part F																						
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment				Electricity and water as collection tools				Quarterly collection of property rates and services charges					Maximization of Revenue Base			Oversight							Compliance Status										
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score			
1.July	Sol Plaatje	NC091	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	88%	Non Compliance	
2.August	Sol Plaatje	NC091	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	83%	Non Compliance	
3.September	Sol Plaatje	NC091	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	73%	Non Compliance	
4.October	Sol Plaatje	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	90%	Non Compliance
5.November	Sol Plaatje	NC091	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	85%	Non Compliance
6.December	Sol Plaatje	NC091	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	73%	Non Compliance
7.January	Sol Plaatje	NC091																																											0%	Non Compliance	
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11.May	Sol Plaatje	NC091																																											0%	Non Compliance	
12.June	Sol Plaatje	NC091																																											0%	Non Compliance	

The National Treasury will request Eskom to write off a municipality's arrear debt only if the municipality demonstrates full compliance with the conditions of the Municipal Debt Relief Programme over a consecutive 12-month period, with such compliance verified to the satisfaction of the National Treasury.

Sol Plaatje Local Municipality is strongly encouraged to sustain and accelerate its progress toward achieving full compliance with all conditions of the debt relief programme. However, it is concerning that the municipality has not fully settled its outstanding payments to Eskom during the first compliance cycle. This shortfall not only jeopardizes its eligibility for the debt write-off but also undermines the overall objectives of the programme. To secure the full benefits of the initiative, the municipality must significantly enhance its payment performance to Eskom by prioritizing and settling all outstanding debts, as stipulated under the programme's conditions. Achieving this will be critical to demonstrating the municipality's commitment to financial responsibility and to meeting the broader goals of long-term fiscal stability.

Condition 6.2 – Application-based supported by Council's resolution

The Sol Plaatje Local Municipality successfully applied for the Municipal Debt Relief Programme, securing conditional approval from the National Treasury following formal endorsement by its council. This approval was contingent upon addressing critical deficiencies in the municipality's financial and administrative systems. Recognizing the importance of this opportunity, the municipality's leadership, with strong political backing from the council, embarked on a comprehensive review to identify and prioritize areas requiring improvement. This effort culminated in the development of a strategic action plan aimed at strengthening financial controls, enhancing revenue collection, optimizing expenditure management, and improving governance practices.



In response to the conditional approval, the municipality implemented a series of transformative reforms to address its shortcomings. These initiatives included enhancing financial oversight mechanisms, streamlining budgeting processes for greater efficiency, and adopting best practices in governance to promote accountability and transparency. To sustain progress and ensure effective implementation, the municipality established robust monitoring and reporting frameworks, fostering a culture of responsibility and continuous improvement.

These concerted efforts have yielded measurable results, enabling the municipality to meet the conditions set by the National Treasury and secure final approval for its debt relief application. This achievement marks a pivotal milestone in the municipality's journey toward financial stability and demonstrates its commitment to meaningful reform.

With the foundational improvements now in place, Sol Plaatje Local Municipality is well-positioned to achieve long-term fiscal sustainability, strengthen its revenue streams, and enhance service delivery for its residents. Beyond addressing immediate financial challenges, these reforms lay the groundwork for sustained progress, ensuring that the municipality can continue to grow and thrive in the years ahead. This transformative success not only reflects the municipality's dedication to reform but also signals a brighter, more stable future for the community it serves.

Condition 6.3 – Maintaining the Eskom bulk current account

Based on the December 2024 results, Sol Plaatje Local Municipality continues to make considerable efforts to manage its debt obligations to Eskom and the Department of Water and Sanitation (DWS). However, significant challenges persist, particularly in addressing outstanding arrears, which place the municipality's compliance with the Municipal Debt Relief Programme at risk.

In September 2024, the municipality made notable payments, including R16.698 million to fully settle its August 2024 water account and R67.000 million toward the August Eskom invoice. Despite this progress, the total Eskom invoice for August was R127.601 million, leaving a substantial outstanding balance. October 2024 saw further efforts, with a payment of R18,973 million to DWS, fully settling the September 2024 account. However, the municipality failed to meet its repayment arrangements of R6.7 million to Eskom and R6 million to DWS during the same period. Additionally, a payment of R69,338 million was made toward Eskom's September 2024 invoice, which, while reducing arrears, was insufficient to address the growing outstanding debt.

In November 2024, the municipality paid R70.742 million toward its current account in two tranches: R40.742 million on 28 November 2024 and R30.000 million on 29 November 2024. While this payment demonstrated commitment, it fell short of the total invoice of R73.508 million, leaving only the interest charges of R2,766 million unpaid. The municipality failed to settle the water bill for October 2024 amounting to R17.504 million at the end of November 2024. The effort being made



to settle the Eskom accounts, though commendable, underscore the municipality's ongoing struggle to make timely and full payments as required by the debt relief programme.

During December 2024, the municipality encountered further challenges in managing its financial obligations. Due to cash flow constraints, it was unable to fully settle the November 2024 water account, which amounted to R17.504 million. Delays in authorizing the November invoice—caused by skeleton staffing during the festive season—further complicated matters. On 30 December 2024, the municipality managed to pay R25 million toward the November account, excluding R2.160 million in interest charges, against the total invoice of R69.974 million. This left an outstanding balance of R44.974 million. Moreover, proof of payment was submitted late due to the same staffing challenges, highlighting inefficiencies in internal processes.

On 11 December 2024 the municipality made a payment of R67.191 million on the current year arrear debt of R134,766 million. Despite these efforts, the municipality's total outstanding current year arrear debt to Eskom remains substantial, standing at R67,575 million as at the end of December 2024. The defaulting payment arrangement instalments for November and December 2024 are not included in this amount. This poses a serious risk to its eligibility for the anticipated debt write-off under the relief programme. While payments toward water-related liabilities have been more consistent—such as the R18.972 million payment for September 2024—the failure to settle the DWS account for October and November 2024 constitutes a serious breach of the current account payment conditions. This raises concerns about the municipality's ability to sustain its financial commitments in the long term.

To secure the benefits of the debt relief programme, Sol Plaatje Local Municipality must significantly improve its payment performance to Eskom and DWS, prioritize the settlement of outstanding balances, and implement more effective cash flow management strategies. Additionally, the municipality must strengthen its internal processes to ensure timely authorization of invoices and submission of payments. Adhering to the compliance conditions outlined in MFMA Circular 124 and the debt relief programme is critical to safeguarding its eligibility for the debt write-off. Addressing these challenges will be essential for stabilizing the municipality's finances, fulfilling its obligations, and achieving the long-term goals of financial sustainability and improved service delivery.

Condition 6.4 – A funded MTREF

The Sol Plaatje Local Municipality has successfully secured full funding for its 2024/2025 fiscal year budget, ensuring that all planned expenditures and projects can proceed as scheduled. This financial achievement provides a strong foundation for the municipality to implement key initiatives, maintain essential services, and foster sustainable development, ultimately enhancing the quality of life for its residents.

With the necessary funding secured, the municipality is poised to focus on delivering critical infrastructure projects, expanding public services, and investing in community-centered initiatives.



Major projects planned for this fiscal year include the upgrading of water systems and the expansion of road networks. These initiatives are designed to address both the immediate needs of the community and the municipality's long-term development objectives. Furthermore, the budget guarantees the uninterrupted delivery of essential services such as healthcare, education, public safety, and other vital municipal functions, which are crucial to the well-being of residents.

This accomplishment reflects the municipality's commitment to sound financial management and strategic planning. By securing the necessary financial resources, the municipality has positioned itself to meet its short-term obligations while advancing its long-term goals. This proactive approach enhances its capacity to attract investment, stimulate economic growth, and build a dynamic and resilient community.

The fully funded budget exemplifies a forward-thinking governance model that addresses current challenges while establishing a strong foundation for future prosperity. By ensuring financial stability, the municipality empowers itself to drive inclusive growth, improve service delivery, and achieve sustainable development. This milestone demonstrates a clear commitment to building a thriving community that benefits all residents, setting the stage for continued progress and success.

Conditions 6.5 – Cost reflective tariffs

The 2024/2025 budget, though initially developed without incorporating a cost-reflective tariff tool, presents a valuable opportunity for the municipality to enhance its financial planning and sustainability. Recognizing this gap is a critical step toward adopting more precise and responsible fiscal practices. By integrating the draft cost-reflective tariff tool, the municipality can align service tariffs with the true costs of operations and maintenance. This alignment not only bolsters financial stability but also establishes a strong foundation for future infrastructure investments, positioning the municipality for long-term financial sustainability.

Addressing this shortcoming will significantly strengthen the municipality's financial position and reflect a forward-thinking approach to governance. Once fully implemented, the cost-reflective tariff tool will enable the municipality to fund essential services more reliably and efficiently, fostering greater trust and confidence among residents. Transitioning to transparent, cost-based pricing demonstrates a strong commitment to financial accountability and equips the municipality to better meet the needs of its community. Furthermore, it ensures a dependable revenue stream to support critical services without compromising quality, accessibility, or equity.

By closing this gap, the municipality reinforces its dedication to continuous improvement and excellence in service delivery. Adopting the cost-reflective tariff tool will not only help mitigate potential financial shortfalls but will also facilitate a transition toward a proactive and sustainable financial model. This forward-looking approach aligns seamlessly with the municipality's broader objectives of building a resilient and prosperous community, reaffirming its role as a responsible steward of public resources.



Ultimately, this commitment to fiscal transparency and accountability will enhance the municipality's capacity to deliver high-quality services that meet the evolving needs of its residents. By addressing this essential aspect of financial management, the municipality is ensuring a stable and sustainable future while strengthening the trust and confidence of the community it serves.

Condition 6.6 – Electricity and water as collection tools

The municipality's approved credit and debt collection policy outlines clear guidelines for the allocation of payments; however, these guidelines are not consistently applied. This inconsistency in payment allocation has resulted in discrepancies in debt recording and management, posing risks to the municipality's overall financial health. Compounding this challenge is a technological gap due to the lack of infrastructure to restrict water supply for non-indigent consumers who default on payments. Addressing this issue is a priority, with potential solutions and their associated costs must be reviewed by the municipality.

Despite these challenges, the municipality remains steadfast in its commitment to supporting vulnerable populations. Registered indigent consumers receive essential services, including a monthly allocation of 50 kilowatt-hours of electricity and 6 kilolitres of water. This initiative demonstrates the municipality's dedication to ensuring that basic needs are met for those most in need, promoting equitable access to essential resources for indigent households.

All financial information, including the provision of support to indigent consumers, is reported transparently through the monthly MFMA Section 71 statement, as mandated by National Treasury regulations. This transparency and accountability highlight the municipality's commitment to responsible governance and strict adherence to statutory guidelines. By openly communicating both its challenges and achievements, the municipality continues to build trust and ensure that stakeholders remain informed about its financial and operational performance.

Conditions 6.8 – Completeness of the Revenue Base

The GV Reconciliation Summary for Sol Plaatje Local Municipality provides an in-depth analysis of property valuations and billing reconciliation for Quarter 2 of the 2024/2025 financial year. It is divided into two sections: Part A - Reconciliation Summary, which evaluates property counts and market values, and Part B - Detailed Reconciliation, which examines monthly billing for both mapped and unmapped accounts. The summary highlights areas of alignment and discrepancies in financial records, reflecting the municipality's strengths in property data management and challenges in revenue collection.



GVReconciliation Summary						
Province	NC					
District	Frances Baard District					
Type	LM					
Municipal Name	SolPlaatje					
GV Period	01/07/2023 - 30/06/2027					
Financial Year	2024/2025					
Reconciliation Period	Quarter 2					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	48582	48582	0	23,594,584,603	23,594,584,603	-
Industrial	177	177	0	784,040,000	784,040,000	-
Business and Commercial	2228	2228	0	7,454,750,001	7,454,750,001	-
Agricultural	422	422	0	2,612,916,700	2,612,916,700	-
Mining	21	21	0	102,685,400	102,685,400	-
State Owned for Public Purpose	133	133	0	2,498,871,000	2,498,871,000	-
PSI	465	465	0	156,930,000	156,930,000	-
PBO	1081	1081	0	609,275,001	609,275,001	-
Multi Use	0	0	0	-	-	-
Vacant	1677	1677	0	502,320,000	502,320,000	-
POW	239	239	0	607,129,000	607,129,000	-
Municipal	9297	9297	0	1,574,932,503	1,574,932,503	-
Other	0	0	0	-	-	-
Total	64,322	64,322	-	40,498,434,208	40,498,434,208	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	23,848,226	22,470,664	1,377,562	23,848,226	22,414,925	1,433,302
Industrial	2,377,405	2,308,129	69,276	2,377,405	2,311,439	65,966
Business and Commercial	22,604,666	20,584,380	2,020,286	22,604,666	20,595,635	2,009,031
Agricultural	660,197	338,912	321,285	660,197	338,912	321,285
Mining	622,479	592,162	30,316	622,479	595,421	27,058
State Owned for Public Purpose	10,355,530	3,311,956	7,043,574	10,355,530	3,311,956	7,043,574
PSI	-	108,908	- 108,908	-	-	-
PBO	-	99,210	- 99,210	-	-	-
Multi Use	-	-	-	-	-	-
Vacant	-	945,933	- 945,933	-	945,895	- 945,895
POW	-	7,790	- 7,790	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
Total	60,468,503	50,768,044	9,700,459	60,468,503	50,514,182	9,954,321

In Part A - Reconciliation Summary, the data indicates full alignment between the Valuation Roll and the Municipal Financial System (MFS) in terms of property counts and market values. A total of 64,322 properties are recorded in both systems, with no variances across all property categories, including Residential, Industrial, Business and Commercial, Agricultural, Mining, State-Owned for Public Purpose, PSI (Public Service Infrastructure), PBO (Public Benefit Organizations), Vacant, POW (Public Open Water), and others. Similarly, the total market value of these properties is R40,498,434,208, showing no discrepancies between the two datasets. This accuracy demonstrates that the municipality has effectively maintained property data, ensuring consistency between the Valuation Roll and the MFS.

Part B - Detailed Reconciliation shifts focus to monthly billing, where variances between the General Valuation (GV) and the Municipal Financial System (MFS) reveal significant discrepancies. For mapped accounts, which are fully linked between the two systems, the total monthly billing value recorded in the GV is R60,468,503, compared to R50,768,044 in the MFS, resulting in a variance of R9,700,459. Key property categories contribute to this variance, with the largest discrepancy seen in State-Owned for Public Purpose properties, which show a variance of R7,043,574. Residential properties also account for a significant variance of R1,377,562, while Business and



Commercial properties exhibit a variance of R2,020,286. These discrepancies suggest underbilling in the MFS compared to the GV.

For unmapped accounts, which are not fully aligned between the Valuation Roll and the MFS, similar discrepancies are observed. The total monthly billing in the GV remains R60,468,503, while the MFS records only R50,514,182, resulting in a variance of R9,954,321. Once again, the most significant discrepancies are found in State-Owned for Public Purpose properties, with a variance of R7,043,574, and Residential properties, with a variance of R1,433,302. These patterns of underbilling suggest systemic issues in the integration and alignment of the GV and MFS billing data.

The reconciliation results highlight a clear distinction between the accurate alignment of property data and the substantial billing discrepancies identified in the MFS. While the municipality has successfully maintained accurate property counts and valuations, as demonstrated in Part A, the underbilling issues identified in Part B present a significant challenge to its financial sustainability. State-Owned for Public Purpose properties represent the largest source of revenue leakage, while discrepancies in Residential and Business and Commercial properties further exacerbate the financial shortfall. The similarity in variances across mapped and unmapped accounts points to systemic misalignment, indicating a broader issue within the municipality's billing processes.

These billing discrepancies pose a risk to the municipality's ability to fund essential services and infrastructure projects. Underbilling for State-Owned for Public Purpose properties represents a particularly critical issue, given the magnitude of the variance. Additionally, the high volume of Residential properties, combined with their individual discrepancies, significantly impacts the municipality's revenue base. Addressing these gaps is vital for improving revenue collection, ensuring financial sustainability, and maintaining the municipality's capacity to deliver on its obligations to the community. In the S71 report, the municipality does indicate that they need assistance from Treasury in how to deal with properties that gets billed annually.

Condition 6.9 – Monitor and Report on compliance

The data strings have been successfully uploaded to the GoMuni system, an online platform that enables municipalities to submit operational and financial data. As part of this process, the municipality has consistently uploaded the Municipal Finance Management Act (MFMA) Section 71 report, a critical document for evaluating the municipality's monthly financial performance. This report provides a comprehensive breakdown of revenue, expenditures, and budget compliance, serving as a vital tool for promoting transparency, ensuring accountability, and supporting effective financial management.



MFMA S71 Statement component		Compliance (Yes / No)
1.	The Budget Performance Overview (paragraph 4) of the MFMA S71 statement explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	The conclusion (paragraph 14) of the MFMA S71 statement explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	Yes
3.	Annexure B of the MFMA S71 statement included the following debt relief reporting components-	
3.1.1	The municipality's MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D) .	Yes
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C) .	Yes
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	Yes



The Sol Plaatje Local Municipality's Section 71 Monthly Report for December 2024 highlights critical challenges and compliance issues in meeting the conditions of the Municipal Debt Relief Programme. The municipality's compliance rate dropped to 68% in December, a decline from the targeted 85%, primarily due to missed payment deadlines and lapses in operational efficiency. These shortfalls underscore significant financial and administrative constraints affecting the municipality's ability to meet its obligations.

Key challenges include the municipality's failure to fully settle its November 2024 Eskom account and the agreed arrears repayment instalment of R6.7 million. Additionally, the October and November water accounts remain unpaid, resulting in a combined outstanding balance of approximately R35 million. These payment failures reflect ongoing cash flow pressures, further exacerbating the municipality's financial difficulties.

Outstanding debts to Eskom and the Department of Water and Sanitation (DWS) remain significant. As of December 2024, the municipality owed Eskom a total of R110,364 million, including current year arrears and accrued interest, whilst the balance on the Payment arrangement amounted to R113,900 million outstanding. The debt to DWS stood at R74.961 million, including arrears under the Debt Incentive Programme. Non-compliance with repayment terms jeopardizes critical benefits, such as the potential write-off of R14 million in interest by DWS and the one-third write-off of Eskom arrears as at 31 March 2023, under the programme.

The report emphasizes the severe consequences of non-compliance. These include the potential loss of programme benefits, the implementation of Eskom's strict credit control measures, and the risk of legal action, such as the attachment of municipal bank accounts. Additionally, failure to adhere to MFMA Circular 124 could lead to National Treasury invoking constitutional remedies or initiating financial misconduct proceedings against responsible officials.

A significant contributing factor to the municipality's financial strain is its failure to ring-fence revenue from electricity and water services. Funds collected for these essential services are not being allocated to settle bulk service accounts with Eskom and DWS, undermining the municipality's efforts to achieve financial recovery. Furthermore, the collection rate for property rates and service charges in December 2024 stood at only 70%, far below the targeted norm of 85%. This low collection rate further compounds the municipality's inability to address its arrears and meet programme conditions.

Despite these challenges, there have been some positive developments. Over the 2023/2024 financial year, the municipality reduced its arrears to DWS by R71.775 million, demonstrating its capacity to make progress when resources are properly managed. Both Eskom and DWS have acknowledged this partial progress; however, the December compliance lapses raise concerns about the sustainability of these efforts.

To regain compliance and secure the benefits of the programme, the municipality must address its cash flow issues, strengthen revenue collection mechanisms, and ensure strict adherence to payment schedules. Failure to do so will have serious financial and operational repercussions,



jeopardizing essential service delivery and undermining the municipality's long-term financial stability.

Condition 6.10 – National Treasury certification of municipal compliance

The National Treasury plays a pivotal role in overseeing the Municipal Debt Relief Programme, ensuring municipalities adhere to the necessary conditions for effective debt management and financial recovery. This oversight is critical in fostering financial discipline, accountability, and stability within the municipal system. Through this certification, the National Treasury formally acknowledges that Sol Plaatje Local Municipality has successfully met the programme's requirements, reflecting its commitment to enforcing compliance and promoting sound financial governance.

Through rigorous monitoring and evaluation, the National Treasury ensures that municipalities adhere to established guidelines designed to maintain financial stability and prevent further debt accumulation. This certification goes beyond a procedural milestone; it is a cornerstone of a broader strategy to instil responsible financial management practices. By reinforcing adherence to strong fiscal policies, the certification process supports the implementation of sustainable economic measures that are essential for achieving long-term financial resilience.

This structured and transparent approach to fiscal recovery empowers municipalities to deliver critical services more effectively, rebuild public trust, and contribute significantly to local economic development. The certification provides municipalities with a clear framework for restoring their financial health while remaining within budgetary constraints, ensuring that recovery efforts are both practical and sustainable.

In supporting municipal recovery, the National Treasury lays the foundation for future growth and resilience. This process benefits not only the municipalities but also the communities they serve, fostering a more stable, accountable, and prosperous local government system. By encouraging responsible financial governance, the National Treasury ensures that municipalities can meet their service delivery mandates and contribute meaningfully to broader economic progress.

Condition 6.11 – Limitation on Municipal borrowing powers

The restrictions on municipal borrowing and the prohibition of incurring new debt during designated debt relief periods establish a crucial regulatory framework that upholds fiscal responsibility within municipalities. This framework requires a comprehensive review of all borrowing activities to ensure compliance with established limits and alignment with the conditions of the debt relief programme. These measures are intended to curb excessive borrowing, mitigate financial risk, and alleviate short-term fiscal pressures, ultimately reinforcing the long-term financial stability of municipalities.



Since the debt relief programme's implementation on October 1, 2023, the municipality has strictly adhered to these borrowing restrictions. This compliance has played a pivotal role in preserving its creditworthiness and mitigating financial risks. By consistently following these regulations, the municipality demonstrates a strong commitment to sound financial governance, protecting its fiscal health and ensuring it remains on a sustainable financial trajectory.

This disciplined approach to debt management strengthens the municipality's financial resilience and builds confidence among key stakeholders, including residents, investors, and regulatory bodies. By minimizing its reliance on new debt and prioritizing responsible financial practices, the municipality is well-positioned to sustain financial stability while meeting the evolving needs of its community. This commitment ensures a more secure and sustainable future for both the municipality and its residents.

Condition 6.12 Proper management of resources and Condition 6.13 – Accounting Treatment

The updated Supplementary Guide to MFMA Circular No. 124 introduces specific requirements and improvements aimed at enhancing the management of debt relief funds by municipalities. These updates reinforce accountability, transparency, and financial oversight to ensure effective and responsible use of resources.

Municipalities are now required to integrate debt relief funds into their general accounts while maintaining clear segregation within their monthly mSCOA submissions. This dual system ensures streamlined banking structures and optimized fund management while enabling robust oversight mechanisms to monitor the use of debt relief funds. The integration of these funds into general accounts allows for efficient handling, while the segregation in financial submissions ensures clear tracking and accountability.

A key requirement introduced in the updated guide is the uploading of monthly bank reconciliations and detailed bank statements to the GoMuni platform. This mandate emphasizes the importance of transparency and rigorous financial reporting, especially concerning debt relief funds. By consolidating financial transactions onto a centralized platform, municipalities provide stakeholders with a comprehensive view of their financial activities. This measure not only fosters public trust but also aligns municipal practices with the National Treasury's standards for financial integrity and accountability.

The guide also places a strong focus on accurate accounting adjustments related to debt relief benefits, such as interest write-offs granted by creditors like Eskom. Municipalities are required to make precise ledger entries that accurately document these adjustments in their financial statements. This ensures that financial reports reflect a transparent and reliable account of the debt relief benefits received, highlighting the municipality's commitment to responsible financial



management. Proper documentation of these adjustments assures stakeholders that debt relief measures are implemented correctly and consistently.

Additionally, the updated guidelines stress the importance of structured reporting and accurate record-keeping. Municipalities are required to maintain detailed records of all debt relief fund transactions and reconcile these accounts regularly. This approach minimizes the risk of future debt accumulation and supports sustainable financial management. By adhering to these detailed reporting and reconciliation practices, municipalities are better positioned to ensure the effective use of debt relief funds and promote fiscal stability.

The guide further includes provisions for monitoring and evaluating the management of debt relief funds to prevent misuse and ensure compliance with programme conditions. This structured oversight is designed to reinforce fiscal resilience and promote sustainable financial practices, enabling municipalities to remain on a secure financial path.

The updated guide also highlights the need for municipalities to prioritize public transparency and stakeholder engagement. By ensuring that all relevant financial data, including reconciliations and adjustments, is accessible through standardized reporting platforms like GoMuni, municipalities demonstrate a commitment to accountability and inclusivity in financial governance.

These enhancements collectively equip municipalities with the tools and processes required to manage debt relief funds responsibly and effectively. By integrating these practices into their operations, municipalities can meet their fiscal obligations, maintain public trust, and align with the broader objectives of sustainable financial management and governance.

Condition 6.14 – NERSA Licence

Participation in the Municipal Debt Relief Programme requires municipalities to commit to a set of stringent conditions. A key condition stipulates that if a municipality fails to comply with the programme's requirements during its term, it must voluntarily apply to the National Energy Regulator of South Africa (NERSA) to revoke its electricity supply license under section 17 of the Electricity Regulation Act of 2006. This provision acts as a powerful incentive, underscoring the importance of compliance for continued participation in the programme.

The requirement to surrender the electricity license is only enacted if the municipality's involvement in the debt relief programme is terminated due to non-compliance. This condition reflects the serious commitment municipalities undertake when joining the programme, as it holds them accountable to maintain operational and financial discipline. By reinforcing the consequences of non-compliance, this measure emphasizes the programme's goal of promoting sustainable financial health and responsible governance.



This provision further highlights the critical role that compliance plays in the success of the Municipal Debt Relief Programme. Municipalities are not only tasked with adhering to programme guidelines but are also held to the highest standards of accountability to retain their operational capabilities. The potential revocation of an electricity license serves as a stark reminder of the consequences of failing to meet the programme's conditions, motivating municipalities to stay aligned with its objectives.

Ultimately, this rigorous requirement reflects the National Treasury's commitment to fostering fiscal discipline within municipalities. By setting a high standard for compliance, the Debt Relief Programme supports municipalities in their efforts to achieve financial stability and deliver essential services, ensuring they remain on a sustainable path for the benefit of their communities.

Recommendations

To improve compliance with the Municipal Debt Relief Programme and ensure long-term financial sustainability, Sol Plaatje Local Municipality should implement the following measures:

Strengthen Revenue Collection Mechanisms: This includes stricter enforcement of credit control and debt collection policies to reduce debtor balances and improve the collection rate from the current 70% to the programme's target of 85%. Investing in advanced billing systems and ensuring proper payment allocation for electricity and water services will further enhance revenue streams.

Prioritize the Settlement of Bulk Service Debts: The municipality must develop a clear, time-bound repayment plan to address outstanding arrears with Eskom and the Department of Water and Sanitation (DWS). Ring-fencing revenue from electricity and water services to settle bulk service accounts is essential to reduce the risk of service disconnections and further debt accumulation.

Enhance Financial Planning and Oversight: Fully integrate the cost-reflective tariff tool into budgeting processes to align service tariffs with actual operational costs and support sustainable revenue generation. Strengthening internal controls, including robust monitoring and evaluation frameworks, will ensure the municipality adheres to all conditions of the debt relief programme.

Improve Compliance and Reporting Practices: Ensure timely submission of reconciliations, financial statements, and proof of payments to platforms like GoMuni. Transparent and accurate reporting will demonstrate accountability and maintain trust with stakeholders, including National Treasury and Eskom. Regular updates on progress against compliance conditions are also critical for fostering collaboration and confidence.

Address Operational Inefficiencies: Streamline administrative processes, particularly those related to the authorization of invoices and payments, to prevent delays caused by internal bottlenecks. Investing in training and capacity-building for municipal staff will enhance financial governance and operational efficiency, further supporting compliance efforts.



Develop a Long-Term Sustainability Strategy. Focus on infrastructure upgrades, local economic development projects, and enhanced service delivery to create a stable revenue base. Engaging stakeholders, including residents and businesses, will foster trust and cooperation, aligning the municipality's financial recovery goals with community needs.

These measures will strengthen Sol Plaatje Local Municipality's financial management and ensure its long-term fiscal stability.

For enquiries, please feel free to contact Mr. Mandla Gilimani on mandla.gilimani@treasury.gov.za

Kind regards

MANDLA GILIMANI

DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS


DATE: 10/02/2025

CC: Mrs Marli van der Woude, MFIP Revenue Advisor – marli@mfip.gov.za



Annexures (December 2024 Compliance Certificates)

Annexure A2 - Monthly

	National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003
National Treasury	
Certificate of Compliance: Municipal Debt Relief Conditions for Application	
Period	Dec'24
National Financial Year	2024/25
Demarcation Code of Municipality being assessed	NC091
District	Frances Baard
Demarcation Description	Sol Plaatje
<p>I, Mandla Gilimani, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:</p>	
Municipal Debt Relief Conditions (Monthly reporting) Choose from drop down list	
Condition	6,3 + Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):
1	6.12.2 - Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>
2	6.12.2 - Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://leuploadportal.treasury.gov.za/ ?
3	6.12.2 - Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?
4	6.3.1 - Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>
5	6.3.2 6.3.3 - Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lupuploadportal.treasury.gov.za/ ?
6	6.3.4 - Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?
6.4 Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)	
7	6.4.1 - Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?
8	6.4.1 - Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?
9	6.4.1 - Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i>
10	6.4.1 - Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>



11	6.4.2	- If the municipality's MTREF is not funded , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	N/A - the MTREF is funded
<p><i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i></p>			
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework , does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/a
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes
14	6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes
<p>6.6 Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:</p>			
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	No
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No
<p>6.6 Supporting evidence: The National Treasury and/or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.</p>			
<p>6.7 Maintain a minimum average quarterly collection of property rates and services charges –</p>			
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	No
<p><i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i></p>			
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :	




20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <u>and</u> that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set out in paragraph 6.7.1.	No
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	No
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and the reason(s) for the failure?</u>	No
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes
6.8 Municipality's Completeness of the revenue base –			
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered	Yes
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://leawolnadorral.treasury.gov.za?	Yes



6.9		Monitor and report on implementation –	
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	<input type="text" value="Yes"/>
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	<input type="text" value="Yes"/>
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	<input type="text" value="No FRP"/>
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://iguploadportal.treasury.gov.za ? <i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i>	<input type="text" value="No FRP"/>
6.10		Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:	
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	<input type="text" value="Yes"/>
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://iguploadportal.treasury.gov.za ? <i>Note - in the case of a non-delegated municipality, the National Treasury to issue the compliance certificate.</i>	<input type="text" value="Yes"/>
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	<input type="text" value="No"/>
		<i>Note - If the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.</i>	
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	<input type="text" value="No"/>
		<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>	
6.12		For the duration of the Municipal Debt Relief (to ensure proper management of resources):	
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	<input type="text" value="Yes"/>
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	<input type="text" value="No"/>
		<i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i>	
39		Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	<input type="text" value="Yes"/>
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i>	<input type="text" value="Yes"/>
41	6.14	NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	<input type="text" value="Yes"/>
		<i>Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i>	

Monthly Performance Report

		Comments/Motivation
HOD Name:	BS Matlala	
Signature of HOD:		
Date:	13/02/2025	

Note – if the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procurator of the HOD must be attached as an Annexure to this Certificate of Compliance.

**** Note** – if the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procurement of the HOD must be attached as an Annexure to this Certificate of Compliance.



Annexure A2 - Monthly

National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Municipality Self-Assessment

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period

Jan '25

National Financial Year

2024/25

Demarcation Code of Municipality being assessed

NC091

District

Frances Baard

Demarcation Description

Sol Plaatje

I, **Bartholomew Matlala** Municipal Manager, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

6.3 +	Maintaining the Eskom and bulk water current account –		
Condition 6.12	current amount for the purpose of this exercise means the amount for a single month's consumption.		
6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No	The municipality did not have sufficient cash available to settle the current account for December 2024 amounting to R15,681 million
6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ?	No	
6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Yes	
6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	No	The municipality settled an amount of R70,129 million on December 2024 account excluding interest of R1,730 million (R30,000m on 28/01/2025 and R40,129 on 29/01/2025). Total invoice amount was R71,859 million The outstanding balance is R1,730 million.
6.3.2	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ?	Yes	
6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes	
6.4	Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)	2024/25 Adopted MTREF	
6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	Yes	
6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget-and- Reporting Regulations?	Yes	
6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and- Reporting Regulations? <i>Note - For example: if the municipality during the preceding 12 months only managed to collect 50 per cent of its revenue (this primarily refers to the provision for debt impairment, aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (with interest). If the municipality merely used the debt impairment to "balance" the budget and there is no real alignment between the provision for debt with the actual collection of revenue, the Provincial Treasury must respond to this item as "No".</i>	Yes	
6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and- Reporting Regulations? <i>Note - If the municipality merely used the depreciation and asset impairment to "balance" the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as "No".</i>	Yes	
6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	NA - the MTREF is funded	
6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/A	
6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 – Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (for example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes	
6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes	

Notes/Comments

15	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:		
16	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	<input type="text" value="Yes"/>	
17	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	<input type="text" value="Yes"/>	
18	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	<input type="text" value="No"/>	
19	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required MT format.</i>	<input type="text" value="No"/>	
20	6.6	<i>Supporting evidence – The National Treasury and/or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.</i>		
21	6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
22	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter – demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	<input type="text" value="No"/>	Quarterly collection rate is 70%.
23	6.7.2	<i>Note – although the norm and standard for collection (MFMA Circular No. 72) is a 95 per cent threshold, municipalities under the paid relief support will be exempted for the first two years from adhering to this norm.</i> - If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :		
24	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	<input type="text" value="No"/>	
25	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	<input type="text" value="Does not have function"/>	
26	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	<input type="text" value="No"/>	
27	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	<input type="text" value="Yes"/>	Total smart prepaid meter installations January 2025 = 5,954 YTD installations = 8,387
28	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	<input type="text" value="Yes"/>	
29	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	<input type="text" value="Yes"/>	
30	6.8	Municipality's Completeness of the revenue base –		
31	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	<input type="text" value="Yes"/>	
32	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note – monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	<input type="text" value="Yes"/>	
33	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://uploadportal.treasury.gov.za/ ?	<input type="text" value="Yes"/>	

6.9 Monitor and report on implementation –	
29	6.9.1 - MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?
30	6.9.2 - If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?
31	6.9.3 - Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?
32	6.9.4 - If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://uploadportal.treasury.gov.za/ ?
<p>Note: a municipality with a FRP may only benefit from the Municipal Debt Relief programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</p> <p>Provincial Treasury Note: Provincial Treasury certification of municipal compliance – in terms of section 5 and 14 of the MFMA, with effect from 01 April 2023, a designated municipality may not benefit from Municipal Debt Relief, unless:</p>	
33	6.10.1 - has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?
34	6.10.2 - has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://uploadportal.treasury.gov.za/ ?
35	6.10.3 - has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?
<p>Note: if the PT failed to address or rectify such non-compliance, will be considered in non-compliance by the municipality in terms of paragraph 6.1.1.</p>	
36	6.11 Limitation on municipality borrowing powers – has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?
<p>Note: there is a prohibition on municipal borrowing for these innovative municipal financial relief from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. If confirmed that MFMA Circular no. 124, condition 6.11 (limitation on municipality borrowing powers) will only be enforced in relation to new long term loans entered into after the effective date of debt relief approval as envisaged in MFMA section 45, short term borrowing, including making use of an overdraft for in-year budgeting purposes are not considered within the ambit of this condition.</p>	
6.12 For the duration of the Municipal Debt Relief (to ensure proper management of resources):	
37	6.12.1 - has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?
38	6.12.2 - has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?
<p>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s. 8(1).</p>	
39	Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.
40	6.13 Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date?
41	6.14 NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?
<p>Note: By applying for Municipal Debt Relief as set out in paragraph 3 of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme (this is complete with any condition of the MFMA) agrees to apply to NERSA to review the municipality's license in terms of section 21 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be processed by the relevant province for forwarding an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</p>	

PT: HOD/ NT / MM Name:

BS Matlala

Signature of HOD/ NT/ MM:



Date:

13/02/2025

**Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procurement of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.

**Note – The Signed Certificate to be uploaded on GoMuni must not include comments column - comments need to be incorporated into the related PT report