






**SOL PLAATJE
MUNICIPALITY**
Local Municipality / Plaaslike Munisipaliteit
Masepala wa selegae

Monthly Budget Statement S71 Monthly Report August 2025

To comply with section 71 of the MFMA and the requirements as promulgated in the Municipal Budget and Reporting Regulations Government Gazette No 32141 of 17 April 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.

 Due Date: 12 September 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
CRU - Community Residential Unit
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
EEDSM - 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
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 April 2009)
MBS – Monthly Budget Statement
MFMA - Municipal Finance Management Act (Act 56 of 2003)
MM - Municipal Manager
mSCOA – Municipal Standard Chart of Accounts
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
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 AUGUST 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 R4,509,031 billion, of which 88% of the debt is owed in excess of 90 days. The total debt by customer group is classified as follows; R925,693 million is owed by government, R748,089 million by businesses and R2,700,681 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 appointed four 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 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 performance and productivity be monitored and improved. Municipal officials should also take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure.

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

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 an 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 April 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 August 2025**, the ten working day reporting limit expires on **12 September 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 **12 September 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 1.1 and Table 1.2 below:

Summary Statement of Financial Performance: YTD Budget					
Description R thousand	YTD Budget August 2025	YTD Actual August 2025	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	539,031	680,520	141,489	126.2%	26.2%
Total Revenue (including capital transfers and contributions)	653,059	718,541	65,482	110.0%	10.0%
Total Operational Expenditure	624,132	471,115	(153,017)	75.5%	-24.5%

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

As indicated in Table 1.1 above, as at 31 August 2025, the billed revenue excluding capital grants amounted to R680,520 million which resulted in a satisfactory variance of 26.2% when compared to the YTD Budget of R539,031 million. The billed revenue including capital grants amounted to R718,541 million, resulting in a satisfactory variance of 10% when compared to the YTD budget of R653,059 million. 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 R471,115 million versus the YTD Budget of R624,132 million resulting in an unsatisfactory variance of minus 24.5%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Adjustment Budget					
Description R thousand	Original Budget	YTD Actual August 2025	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
Total Revenue (excluding capital transfers and contributions)	3,234,188	680,520	411,005	21.0%	4.4%
Total Revenue (including capital transfers and contributions)	3,918,354	718,541	392,012	18.3%	1.7%
Total Operational Expenditure	3,212,506	471,115	203,406	14.7%	-2.0%

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 16.67% [calculated as follow: (100/12 months x 2 months of the year)] as at the end of August 2025, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of 4.4%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 1.7%. The Total Operational Expenditure resulted in a satisfactory variance of minus 2.0%.

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 2025/26 financial year. The Original budget for 2025/26 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						
R thousands	2025/26					
	Budget	First Quarter			Year to Date	
	Main appropriation	Adjusted Budget	Actual	1st Q as % of Main appropriation	Actual	Total Expenditure as % of adjusted budget
Operating Revenue and Expenditure						
Operating Revenue	3,234,188	3,234,188	680,520	21.0%	680,520	21.0%
Operating Expenditure	3,212,506	3,212,506	471,115	14.7%	471,115	14.7%
Transfers and subsidies - capital (monetary allocations)	684,166	684,166	38,021	5.6%	38,021	5.6%
Total Revenue	3,918,354	3,918,354	718,541	18.3%	718,541	18.3%

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 21.0% versus the ideal percentage of 16.67%. This is largely attributable to the annual billing on Property rates. Operational expenditure is 14.7% spent. It should be noted that Post-retirement health benefits and Depreciation is not yet accounted for, the bulk electricity account for August 2025 will be captured during September 2025. Transfers and subsidies – capital transferred to revenue amounts to 5.6% of the Main appropriation, as grants will be recognized when the conditions are met.

Capital Revenue and Expenditure

Part 2: Capital Revenue and Expenditure						
R thousands	2024/25					
	Budget	Adjusted Budget	First Quarter		Year to Date	
	Main appropriation		Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of Adjusted budget
Capital Revenue and Expenditure						
Source of Finance	627,331	627,331	34,896	5.6%	34,896	5.6%
Transfers recognised - capital	594,927	594,927	33,044	5.6%	33,044	5.6%
Borrowing	-	-	-	-	-	-
Internally generated funds	32,404	32,404	1,852	5.7%	1,852	5.7%

Table 1.4: Part 2: Capital Revenue and Expenditure

Performance on the capital is normally poor during the start of the financial year. As indicated in Table 1.4 above, total capital expenditure stands at 5.6% spent versus the Main appropriation, whilst conditional grants spent amount to 5.6% and internally generated funds at 5.7% spent. This is 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. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It should be noted that capex excludes VAT, whilst VAT is accounted for, 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

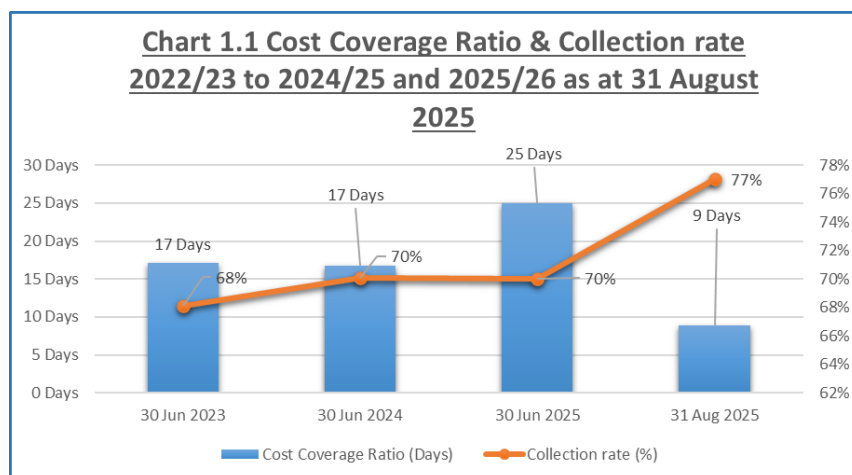
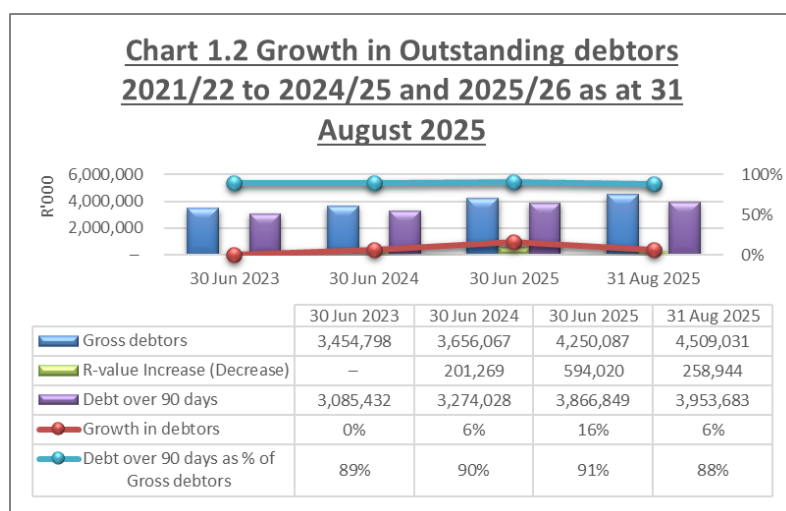


Chart 1.2 Growth in Outstanding debtors



- 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 2022/23 to 2024/25 and 2025/26 until 31 August 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 less than one month 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 preliminary Cost coverage ratio as at 31 August 2025 is critically low, standing at 9 days. The collection rate for August 2025, is 77%.
- Debtors increased by R201,269m (6%) from 2022/23 to 2023/24, by R594,020m (16%) from 2023/24 to 2024/25, and by R258,944 (6%) from 30 June 2025 to 31 August 2025 for the current financial year
- Debt over 90 days is on average 88% 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 long outstanding debt and urgent intervention is of utmost importance to improve the liquidity of the municipality. To this end the municipality appointed 4 debt collectors to assist in recovering long outstanding debt.

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. National Treasury approved the write-off of one third (1/3) of the municipal debt amounting to R248 million.

As articulated in Table 2.1. below, the municipality made partial payments on the July and August 2024 accounts for the high months and November 2024 and April and May 2025. The June 2025 account is unpaid. The following accounts are settled in full August 2024, January, April and May 2025. Interest charges for the current year, as at end of August 2025, amounts to R9,536 million. Interest on overdue accounts must be disclosed as Fruitless and Wasteful Expenditure. The municipality is in breach of the conditions and has accumulative arrears for the 2024/25 and 2025/26 financial year. It is of paramount importance to be in good standing with ESKOM. To be in good standing with ESKOM, the municipality has an obligation to settle **R374,216,921.81**, as indicated in the Table 2.1 below. Arrears on the outstanding invoices including interest amounts to R293,816,921.81 and the arrears on the payment arrangement amounts to R80,400,000.00.

Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments Payment Arrangement	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,333,011.78	R -	R -	R -	R 273,911.75
Aug-24	R 127,600,942.44	R 127,600,942.44	R -	R 6,700,000.00	R 6,700,000.00	R 154,610.92
Sept-24	R 71,086,942.52	R 71,086,942.52	R -	R 6,700,000.00	R 6,700,000.00	R 1,749,230.28
Oct-24	R 73,507,839.50	R 73,507,839.50	R -	R 6,700,000.00	R 6,700,000.00	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 71,858,904.48	R -	R 6,700,000.00	R 6,700,000.00	R 1,729,759.80
Jan-25	R 75,731,838.36	R 75,731,838.36	R -	R 6,700,000.00	R 6,700,000.00	R 1,878,529.97
Feb-25	R 68,070,392.81	R 68,070,392.81	R -	R 6,700,000.00	R 6,700,000.00	R 1,066,048.41
Mar-25	R 72,107,023.50	R 72,107,023.50	R -	R 6,700,000.00	R 6,700,000.00	R 1,733,370.12
Apr-25	R 68,058,315.40	R 68,058,315.40	R -	R 6,700,000.00	R 6,700,000.00	R 1,809,020.57
May-25	R 77,292,217.25	R 77,292,217.25	R -	R 6,700,000.00	R 6,700,000.00	R 2,094,272.25
Jun-25	R 131,969,878.88	R -	R 131,969,878.88	R 6,700,000.00	R 138,669,878.88	R 1,975,092.68
Jul-25	R 146,873,234.81	R 30,000,000.00	R 116,873,234.81	R 6,700,000.00	R 123,573,234.81	R 5,423,957.99
TOTAL ESKOM	R 1,202,464,349.85	R 908,647,428.04	R 293,816,921.81	R 80,400,000.00	R 374,216,921.81	R 24,813,380.77

Table 2.1: Arrear debt payable to Eskom.

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**. National Treasury approved the write-off of one third (1/3) of the municipal debt amounting to R248 million. Should the municipality fail to comply with the conditions and fail to settle the current year accumulative arrears, the debt relief benefit that the municipality will forfeit is R496 million. 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	Paid Amount	Balance due	Less potential interest write-off	Total Due to be in Good standing	Interest
Arrears	R 54,656,466.48	R 17,098,078.18	R 37,558,388.30	-R 14,703,680.46	R 22,854,707.84	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 -
Jan-25	R 20,395,986.37	R -	R 20,395,986.37	R -	R 20,395,986.37	R -
Feb-25	R 18,327,914.21	R 18,327,914.21	-R 0.00	R -	-R 0.00	R -
Mar-25	R 16,769,310.95	R 16,769,310.95	-R 0.00	R -	-R 0.00	R -
Jun-25	R 3,179,334.42	R -	R 3,179,334.42	R -	R 3,179,334.42	R -
Jul-25	R 21,433,972.20	R -	R 21,433,972.20	R -	R 21,433,972.20	R -
TOTAL WATER	R 185,451,754.27	R 52,195,303.34	R 133,256,450.93	-R 14,703,680.46	R 118,552,770.47	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 October, November, December 2024, January 2025 and June 2025 account for Water. The March 2025 account is settled in full. 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. The total amount due and payable to DWS is **R118,552,770.47** to remain on the Department's Debt Incentive Programme. If the municipality fails to pay the outstanding arrear debt, 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:

- The benefits of the Relief to that municipality will immediately cease;
- 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;
- 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 few 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 invoices for October, November, December 2024, January, April, June and July 2025) have not been paid. The municipality ratified the short payment on the August and January 2025 and April and May 2025. Balance are still outstanding for November 2024 and June and July 2025 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 completed.

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..

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 cost 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.

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 municipality 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 blacklisting 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

On 28 April 2025 we had a television interview with SABC News with regards to debt owed to the Municipality, by the different Customer Groups. The interview was to also inform our Customers of the collection initiatives we have set in place for the year i.e. collection through Debt Collection Agencies.

We have commenced with our campaigning in the community, to make us more visible to our customers. Providing information relating to the importance of paying of the municipal account on a monthly basis, arrangements, disconnections/blocking of electricity due to non-payment and the social package offered by the Municipality (indigent assistance).

4.1 Operating Revenue by Source

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - M02 August

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 % - 16.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Revenue										
Exchange Revenue										
Service charges - Electricity	1,218,923	95,551	194,033	203,154	95.5%	(9,121)	-4.5%	15.9%	(9,121)	-0.7%
Service charges - Water	362,722	24,848	45,075	60,454	74.6%	(15,378)	-25.4%	12.4%	(15,378)	-4.2%
Service charges - Waste Water Management	106,274	9,928	18,608	17,712	105.1%	896	5.1%	17.5%	896	0.8%
Service charges - Waste management	73,593	7,472	14,584	12,265	118.9%	2,319	18.9%	19.8%	2,319	3.2%
Sale of Goods and Rendering of Services	18,644	4,220	5,305	3,107	170.7%	2,198	70.7%	28.5%	2,198	11.8%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	142,100	15,430	30,762	23,683	129.9%	7,078	29.9%	21.6%	7,078	5.0%
Interest from Current and Non Current Assets	18,000	350	(467)	3,000	-15.6%	(3,467)	-115.6%	-2.6%	(3,467)	-19.3%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	29,740	2,197	3,887	4,957	78.4%	(1,070)	-21.6%	13.1%	(1,070)	-3.6%
Licence and permits	1,000	35	70	167	41.9%	(97)	-58.1%	7.0%	(97)	-9.7%
Operational Revenue	3,383	247	486	564	86.3%	(77)	-13.7%	14.4%	(77)	-2.3%
Non-Exchange Revenue	-	-	-	-	-	-	-	-	-	-
Property rates	717,920	53,012	218,300	119,653	182.4%	98,647	82.4%	30.4%	98,647	13.7%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	34,743	680	2,310	5,790	39.9%	(3,480)	-60.1%	6.6%	(3,480)	-10.0%
Licence and permits	8,200	274	1,908	1,367	139.6%	542	39.6%	23.3%	542	6.6%
Transfers and subsidies - Operational	323,676	534	126,252	53,946	234.0%	72,306	134.0%	39.0%	72,306	22.3%
Interest	117,020	8,608	17,487	19,503	89.7%	(2,016)	-10.3%	14.9%	(2,016)	-1.7%
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	58,250	965	1,918	9,708	19.8%	(7,790)	-80.2%	3.3%	(7,790)	-13.4%
Gains on disposal of Assets	-	-	-	-	#DIV/0!	-	-	#DIV/0!	-	#DIV/0!
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	3,234,188	224,350	680,520	539,031	126.2%	141,489	26.2%	21.0%	141,489	4.4%
Transfers and subsidies - capital	684,166	38,021	38,021	114,028	33.3%	(76,007)	-66.7%	5.6%	(76,007)	-11.1%
Total Revenue (including capital transfers and contributions)	3,918,354	262,370	718,541	653,059	110.0%	65,482	10.0%	18.3%	65,482	1.7%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

Exchange Revenue

- ❖ Service charges - Electricity is showing a satisfactory variance of minus 4.5%. The basic and capacity charges for households for the 2025/26 financial year must still be resolved. Service charges Water is unsatisfactory with a variance of minus 25.4%. 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. Sanitation is showing a satisfactory variance of 5.1%, whilst Refuse is showing an over-recovery when compared to the YTD budget.
- ❖ Sale of Goods and Rendering of Services is performing satisfactorily with a positive variance of 70.7%, when compared to the YTD Budget. Building plan approvals and income from the Market is showing an over-recovery.
- ❖ Interest earned from Receivables is showing a positive variance of 29.9% due to the increase in outstanding debt and high level of debt over 90 days.
- ❖ Interest from Current and Non-current Assets shows a negative variance of 115.6%. This is due to the accrued interest relating to 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 invests capital grants already received, whilst keeping the unspent portion in the investment account. The bulk of the interest earned gets recognised at year-end.

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- ❖ Rental from Fixed Assets, is showing a negative variance of 21.6% when compared to the YTD budget. It was established that rentals for the CRU's was allocated to an incorrect vote. A corrective journal was processed in September 2025.
- ❖ Licences and permits are showing a negative variance of 58.1%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated, 6.97% achievement versus a budget of R1,000 million.
- ❖ Operational Revenue is showing a negative variance of 13.7%, due lower than anticipated revenue from Insurance refunds.

Non-Exchange Revenue

- ❖ Property Rates is showing a satisfactory variance of 82.4%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 60.1%, due to an under-recovery on Fines: Law Enforcement that is standing at 2.53% achieved versus a target of R13,000 million.
- ❖ Licence and permits are showing a positive variance of 39.6%, due to possible outstanding payments due to the Department of Transport, Safety and Liaison.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 134.0% as a result of the receipt of the first tranche of the Equitable share.
- ❖ Interest is showing an under-recovery of minus 10.3%, as a result of a slight under-recovery for interest from for Property rates.
- ❖ Operational Revenue is showing an unsatisfactory variance of minus 80.2%. An in-depth investigation must be performed.
- ❖ Transfers and subsidies - Capital is showing an unsatisfactory variance of minus 66.7% when compared to the YTD budget. Capital grants are recognised monthly in the Statement of Financial Performance, as soon as the conditions of the grant have been met.

Comparison against Original Budget

Based on the IYM percentage of 16.67%, the majority of revenue sources are performing satisfactorily.

Exchange Revenue

- ❖ Overall, Service charges when compared to the Original budget is performing satisfactorily. Same factors are applicable as described in the paragraph above.
- ❖ Sale of Goods and Rendering of Services is showing a satisfactory variance of 11.8%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a positive variance of 5.0%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a negative variance of 19.3%. Same factors are applicable as described in the paragraph above.
- ❖ Rental from Fixed Assets is showing a negative variance of 3.6%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits are showing a satisfactory variance of minus 9.7%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a satisfactory variance of minus 2.3%. Same factors are applicable as described in the paragraph above.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive variance of 13.7%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a satisfactory variance of minus 10.0%. Same factors are applicable as described in the paragraph above.
- ❖ Licence and permits are showing a positive variance of 6.6%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 22.3%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a negative variance of 13.4%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Capital is showing an unsatisfactory variance of minus 11.1%. Capital grants remains lower than anticipated due to poor capital grant expenditure. 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 1.3 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 August 2025. The main contributors of the municipality's revenue are Service Charges (40.0%), Property Rates (32.0%) and Other Revenue (9.4%). The weighting is distorted due to the annual billing on Property rates.

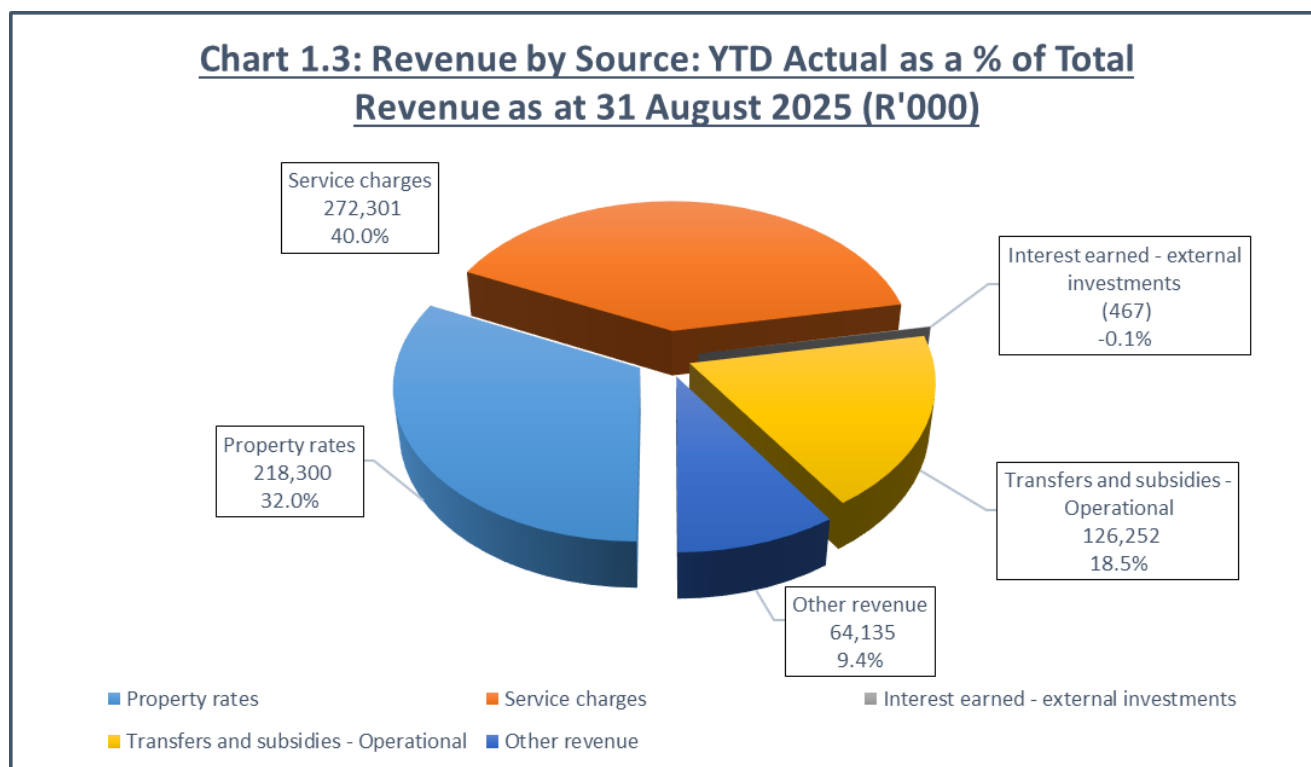


Chart 1.3: Revenue by Source: YTD Actual as a percentage of Total Revenue

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 % - 16.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	1,004,532	71,186	139,939	167,422	83.6%	(27,483)	-16.4%	13.9%	(27,483)	-2.7%
Remuneration of councillors	37,083	2,781	5,524	6,181	89.4%	(657)	-10.6%	14.9%	(657)	-1.8%
Bulk purchases - electricity	1,000,000	154,510	154,510	258,000	59.9%	(103,490)	-40.1%	15.5%	(12,156)	-1.2%
Inventory consumed	331,852	23,451	31,294	55,309	56.6%	(24,014)	-43.4%	9.4%	(24,014)	-7.2%
Debt impairment	437,149	109,287	109,287	72,858	150.0%	36,429	50.0%	25.0%	36,429	8.3%
Depreciation and amortisation	90,200	-	-	15,033	0.0%	(15,033)	-100.0%	0.0%	(15,033)	-16.7%
Interest	15,880	2	2	28	6.5%	(26)	-93.5%	0.0%	(2,645)	-16.7%
Contracted services	45,856	1,040	1,160	7,643	15.2%	(6,483)	-84.8%	2.5%	(6,483)	-14.1%
Transfers and subsidies	4,300	-	-	717	0.0%	(717)	-100.0%	0.0%	(717)	-16.7%
Irrecoverable debts written off	-	2	2	-		2			2	
Operational costs	176,654	13,611	29,397	29,442	99.8%	(45)	-0.2%	16.6%	(45)	0.0%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	69,000	-	-	11,500	0.0%	(11,500)	-100.0%	0.0%	(11,500)	-16.7%
Total Expenditure	3,212,506	375,870	471,115	624,132	75.5%	(153,017)	-24.5%	14.7%	(64,303)	-2.0%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 August 2025 current YTD expenditure shows an unsatisfactory variance of minus 24.5%. The YTD actual amounted to R471,115 million against the YTD Budget of R624,132 million.

- ❖ Employee related costs show an unsatisfactory variance of minus 16.4%, 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 10.6%. The gazette for the upper limits of political office bearers will be issued during December for the current year and will be implemented accordingly.
- ❖ Bulk purchases – Electricity is showing a negative variance of minus 40.1%. The invoice for August 2025 will be processed during September 2025.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 43.4%. Expenditure for the first month of the year is normally low, due to the 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 is negatively influencing this expenditure line items and sound financial management of budgets is not always adequately exercised. 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 August 2025 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original	% Spent compared against ideal IYM % of 16.67%
VOTE 1 - COUNCILLORS AND ADMIN	140,000	140,000	-	-	0.00%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	70,000	70,000	-	-	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,000	1,000	-	-	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	69,000	69,000	-	-	0.00%	UNSATISFACTORY
VOTE 2 - MUNICIPAL AND GENERAL	25,297,000	25,297,000	2,403,727	4,482,875	17.72%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	755,000	755,000	10,000	33,000	4.37%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	350,000	350,000	17,975	22,072	6.31%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	24,192,000	24,192,000	2,375,752	4,427,803	18.30%	SATISFACTORY
VOTE 3 - MUNICIPAL MANAGER	157,000	157,000	13,884	13,884	8.84%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	140,000	136,000	13,884	13,884	9.92%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	17,000	21,000	-	-	0.00%	UNSATISFACTORY
VOTE 4 - CORPORATE SERVICES	2,304,000	2,304,000	155,193	170,594	7.40%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	871,000	771,000	57,790	58,155	6.68%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	51,000	152,000	49,727	50,360	98.75%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	650,000	650,000	38,491	51,386	7.91%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	732,000	731,000	9,185	10,693	1.46%	UNSATISFACTORY
VOTE 5 - COMMUNITY SERVICES	33,989,400	33,989,400	1,878,276	2,632,800	7.75%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,021,000	1,021,000	51,003	58,785	5.76%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	48,000	48,000	-	-	0.00%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	217,000	217,000	6,210	6,210	2.86%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,116,000	1,116,000	174,186	184,232	16.51%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	9,204,000	9,204,000	566,507	952,225	10.35%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	336,400	336,400	44,765	49,674	14.77%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	22,047,000	22,047,000	1,035,606	1,381,673	6.27%	UNSATISFACTORY
VOTE 6 - FINANCIAL SERVICES	2,190,000	2,190,000	203,353	305,868	13.97%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,226,000	1,222,000	110,212	193,809	15.81%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	172,000	172,000	37,258	44,399	25.81%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	180,000	180,000	12,658	18,303	10.17%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	612,000	616,000	43,225	49,358	8.06%	UNSATISFACTORY
VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	11,968,000	11,968,000	323,327	353,477	2.95%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	387,000	387,000	31,534	31,534	8.15%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	65,000	65,000	2,072	2,393	3.68%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	410,000	410,000	14,266	20,365	4.97%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	14,000	14,000	-	-	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	11,092,000	11,092,000	275,454	299,186	2.70%	UNSATISFACTORY
VOTE 8 - INFRASTRUCTURE SERVICES	255,806,914	255,806,914	18,473,306	23,334,846	9.12%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	620,000	620,000	47,773	54,298	8.76%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0.00%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,171,000	23,171,000	3,351,312	3,400,992	14.68%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,845,000	1,845,000	101,673	139,862	7.58%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	10,040,000	10,040,000	857,816	1,280,115	12.75%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	575,000	575,000	7,208	10,974	1.91%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	146,553,914	146,553,914	8,974,057	13,154,046	8.98%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	73,000,000	5,133,467	5,294,559	7.25%	UNSATISFACTORY
Grand Total	331,852,314	331,852,314	23,451,067	31,294,345	9.43%	UNSATISFACTORY

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 31 August 2025 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original Budget	% Spent compared against ideal IYM % of 16.67%
2480 - REFUSE	20,450,000	20,450,000	1,014,036	1,567,629	7.67%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	100,000	100,000	-	-	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	150,000	150,000	26,095	26,326	17.55%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,400,000	6,400,000	392,319	710,427	11.10%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	1,133	1.13%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	13,700,000	13,700,000	595,623	829,743	6.06%	UNSATISFACTORY
2830 - ROADS	44,461,000	44,461,000	1,547,822	1,601,369	3.60%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	68,000	68,000	11,547	15,097	22.20%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	67,000	67,000	4,024	8,514	12.71%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	44,326,000	44,326,000	1,532,251	1,577,759	3.56%	UNSATISFACTORY
2840 - HOUSING	3,407,000	3,407,000	212,927	312,477	9.17%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	121,000	121,000	18,249	18,249	15.08%	SATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	135,000	135,000	35,309	37,956	28.12%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	140,000	140,000	15,529	20,210	14.44%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,010,000	3,010,000	143,840	236,061	7.84%	UNSATISFACTORY
2850 - SEWERAGE	27,165,000	27,165,000	4,000,860	5,858,903	21.57%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	35,000	35,000	7,062	7,062	20.18%	SATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	170,000	49,680	68,310	40.18%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	295,000	295,000	23,047	28,947	9.81%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,900,000	2,900,000	235,319	379,286	13.08%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	-	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,665,000	23,665,000	3,685,752	5,375,298	22.71%	OVERSPENT
2860 - WATER	129,773,000	129,773,000	9,737,609	10,523,272	8.11%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	76,000	76,000	3,093	5,109	6.72%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,001,000	23,001,000	3,301,632	3,332,682	14.49%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	141,000	141,000	12,888	15,242	10.81%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,500,000	2,500,000	225,259	325,932	13.04%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	475,000	475,000	7,208	10,974	2.31%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	30,580,000	30,580,000	1,054,062	1,538,775	5.03%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	73,000,000	5,133,467	5,294,559	7.25%	UNSATISFACTORY
2880 - ELECTRICITY	53,268,000	53,268,000	3,367,936	5,614,892	10.54%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	180,000	180,000	4,678	4,678	2.60%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	87,000	87,000	2,931	6,277	7.21%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	53,000,000	53,000,000	3,360,327	5,603,937	10.57%	UNSATISFACTORY
Grand Total	278,524,000	278,524,000	19,881,191	25,478,542	9.15%	UNSATISFACTORY

Table 4.2 R&M Expenditure per Service per inventory type

- ❖ Depreciation was projected for on a straight-line basis. The municipality implemented the Asset module (AM) on the financial system. This will resolve the automation of accounting for depreciation monthly. This did not transpire for July and August 2025, the matter is being investigated.
- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the first quarter was processed during August 2025.
- ❖ Interest is showing an unsatisfactory variance of minus 93.5%. Interest on External borrowing is paid bi-annually at the end of December and June each year. The total interest charges on overdue accounts on the Eskom bulk account, for the current financial year amounts to R9,536 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The budget will be corrected during the Adjustments budget.
- ❖ Expenditure on Contracted services is showing an unsatisfactory variance of minus 84.8%, as various line items is showing lower expenditure than anticipated.
- ❖ Transfers and subsidies showing negative variance of minus 100%. Due to cash constraints the municipality will be paying the allocation of R2,600 million, due to the SPCA over instalments, as and when sufficient cash is available.
- ❖ Operational cost is showing a satisfactory variance of minus 0.2%.
- ❖ Other Losses is showing an unsatisfactory variance of minus 100%. 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 recognition of Water inventory and losses for July and August 2025 will be processed on the system.

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 August 2025 is 16.67%. The total operational expenditure against the Original budget is 14.7% spent, resulting in a satisfactory variance of minus 2.0%.

- ❖ Employee related costs show a satisfactory variance of minus 2.7%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 1.8%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 1.2%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 7.2%. Same factors are applicable as explained above.
- ❖ Debt impairment is showing a satisfactory variance of 8.3%. Same factors are applicable as explained above.
- ❖ Depreciation shows an unsatisfactory variance of minus 16.7%. Same factors are applicable as explained above.
- ❖ Interest is showing a negative variance of minus 16.7%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is unsatisfactory at minus 14.1%, when compared to the Original budget. The YTD expenditure is lower than anticipated.
- ❖ Transfers and subsidies show an unsatisfactory variance of minus 16.7%. Same factors are applicable as explained above.
- ❖ Operational cost is showing a satisfactory variance of 0.03%. Same factors are applicable as explained above.
- ❖ Other Losses is showing an unsatisfactory variance of minus 16.7%. Same factors are applicable as explained above.

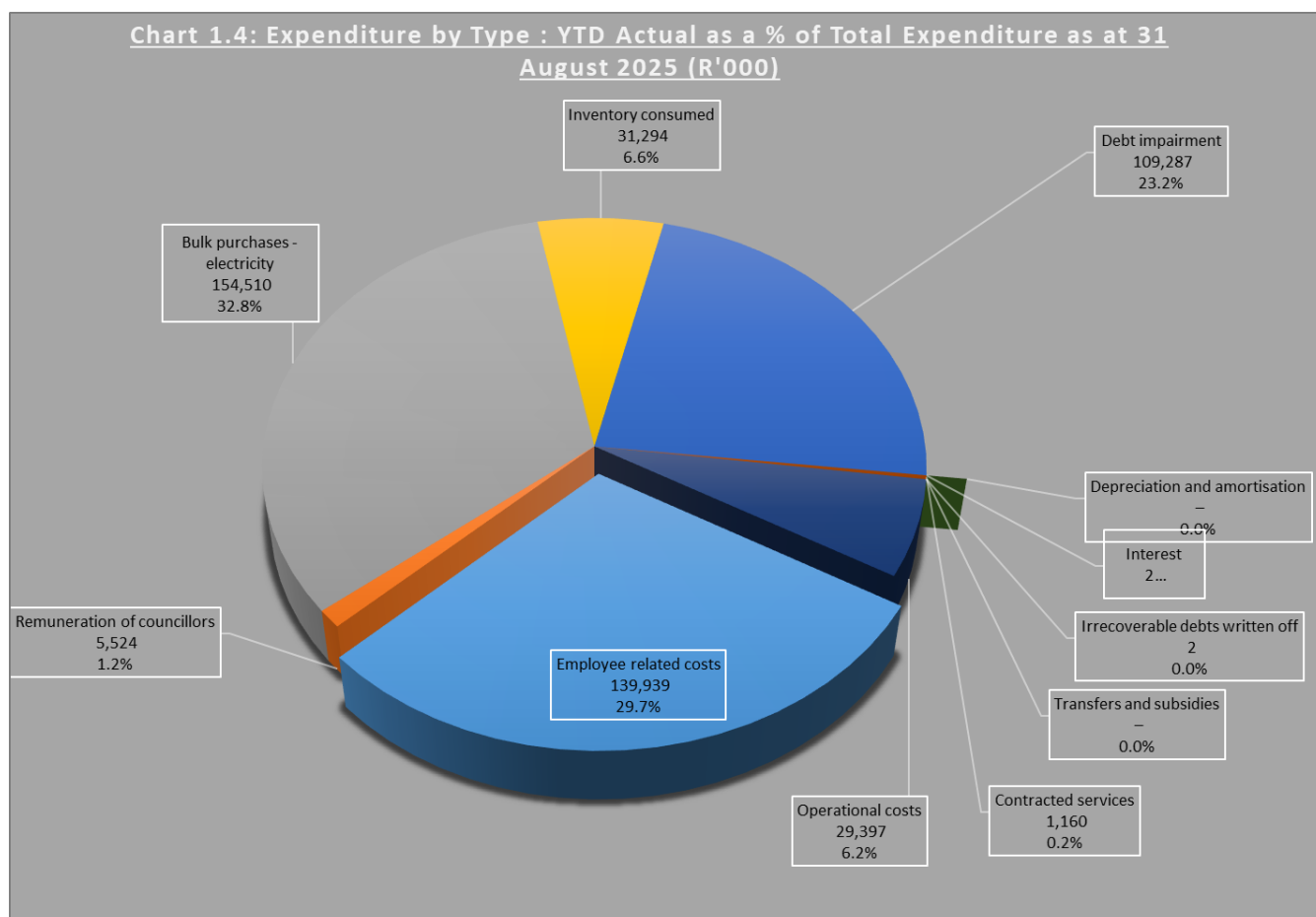


Chart 1.4: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 1.4 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 August 2025. The main cost drivers of the municipality are Employee Related Costs (29.7%), Bulk Purchases – Electricity (32.8%), Debt Impairment (23.2%) and Inventory consumed (6.6%).

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 monthly basis. The automated integration from the Asset module is being investigated.
- ❖ Interest on the long-term borrowing is paid bi-annually in December and June of each year.
- ❖ The Eskom account for August 2025 will be captured during September 2025.

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 16.67% as at end of August 2025, Bulk Purchases Electricity is showing a satisfactory variance of minus 1.22%. The bulk invoice for August 2025 will be processed during September 2025.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Adjustments Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
BULK PURCHASES: ELECTRICITY	1,000,000,000	154,510,286	154,510,286	15.45%	-1.22%
Total	1,000,000,000	154,510,286	154,510,286	15.45%	-1.22%

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 an unsatisfactory variance of minus 12.9%, when compared to the ideal percentage of 16.67%. During the Adjustment 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 July and August 2025 for the recognition of Water inventory and losses will be processed on the system. The movement of R5,133 million is from the Billing module

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Adjustments Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
INVENTORY - WATER	73,000,000	5,133,467	5,294,559	7.25%	-9.41%
NON-REVENUE WATER LOSSES	69,000,000	-	-	0.00%	-16.67%
Total	142,000,000	5,133,467	5,294,559	3.7%	-12.9%

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
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	–
Sept-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	1,055,591	878,647	–	176,944	176,944	19,389
Jul-24	148,333	148,333	–	–	–	274
Aug-24	127,601	127,601	–	–	–	155
Sept-24	71,087	71,087	–	–	–	1,749
Oct-24	73,508	73,508	–	–	–	2,766
Nov-24	69,974	25,000	–	44,974	44,974	2,160
Dec-24	71,859	71,859	–	–	–	1,730
Jan-25	75,732	75,732	–	–	–	1,879
Feb-25	68,070	68,070	–	–	–	1,066
Mar-25	72,107	72,107	–	–	–	1,733
Apr-25	68,058	68,058	–	–	–	1,809
May-25	77,292	77,292	–	–	–	2,094
Jun-25	131,970	–	–	131,970	131,970	1,975
2025/26	276,186	30,000	–	246,186	116,873	9,536
Jul-25	146,873	30,000	–	116,873	116,873	5,424
Aug-25	129,313	–	–	129,313	–	4,112
Grand Total ESKOM	3,220,398	1,831,698	(107,114)	1,281,585	1,152,272	28,926

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R1,281,585 billion. The total arrear debt amounts to R1,152,272 million summarized as follow 2021/22 (R523,811m); 2022/23 (R248,878m); 2023/24 (R85,767m); 2024/25 (R176,944m) and 2025/26

(R116,873m. The total interest charges on overdue accounts for the current financial year amounted to R9,536 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The budget on Interest on overdue accounts will be corrected during the Adjustments budget.

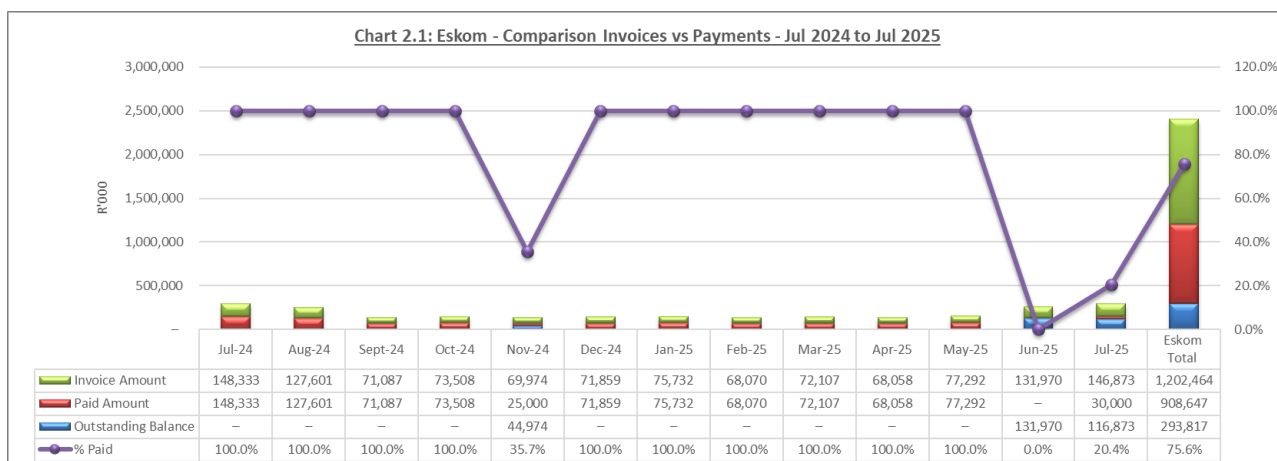


Chart 2.1: Eskom - Comparison Invoices vs Payments

Indicated in Chart 2.1 above, is the comparison of Eskom invoices versus payments for the 2024/25 and 2025/26 financial year. The current account for August 2025 is excluded because it is not yet due and payable. It will also distort the percentage paid. The YTD actual until July 2025 show that 75.6% of invoices were settled, based on invoices raised of R1,202,464 billion versus payments of R908,647 million. The percentage on partially paid invoices are November 2024 (35.7%); June 2025 (0%) and July 2025 (20.4%). The total arrear outstanding balance for the 2024/25 financial year amounts to R293,817 million.

Outstanding debt: DWS

DWS - Outstanding debt (R'000) ▾	Sum of Invoice amount	Sum of Bulk Payments (2023/24 & 2024/25)	Sum of Outstanding Balance	Sum of Arrear Debt
2021/22	126,431	88,873	37,558	37,558
INTEREST (APR-JUN 2022)	6,191	–	6,191	6,191
Aug-21	15,075	15,075	–	–
Sept-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	–	–
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	–	–
Sept-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	162,756	88,492	74,264	74,264
Jul-24	17,724	17,724	–	–
Aug-24	16,698	16,698	–	–
Sept-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	20,396
Feb-25	18,328	18,328	(0)	(0)
Mar-25	16,769	16,769	(0)	(0)
Jun-25	3,179	–	3,179	3,179
2025/26	36,300	–	36,300	21,434
Jul-25	21,434	–	21,434	21,434
Aug-25	14,866	–	14,866	
Grand Total	476,013	327,891	148,123	133,256

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 R148,123 million. The total debt must be concurred with the Department. The total arrear debt amounts to R133,256 million which pertains to outstanding invoices for 2021/22 (R37,558m); 2024/25 (74,264m) and 2025/26 (R21,434m). 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. The municipality defaulted on the October, November, December 2024 and January, March and June 2025 account. The March 2025 account was settled on 29 August 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 date, 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, December 2024 and January, March and June 2025 invoices. The March 2025 was settled. The municipality incurred accumulative arrear debt for the prior and current year of R133,256 million. A major cause of concern is the fact that the municipality is in arrears with R22 million on the debt repayment agreement. 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.

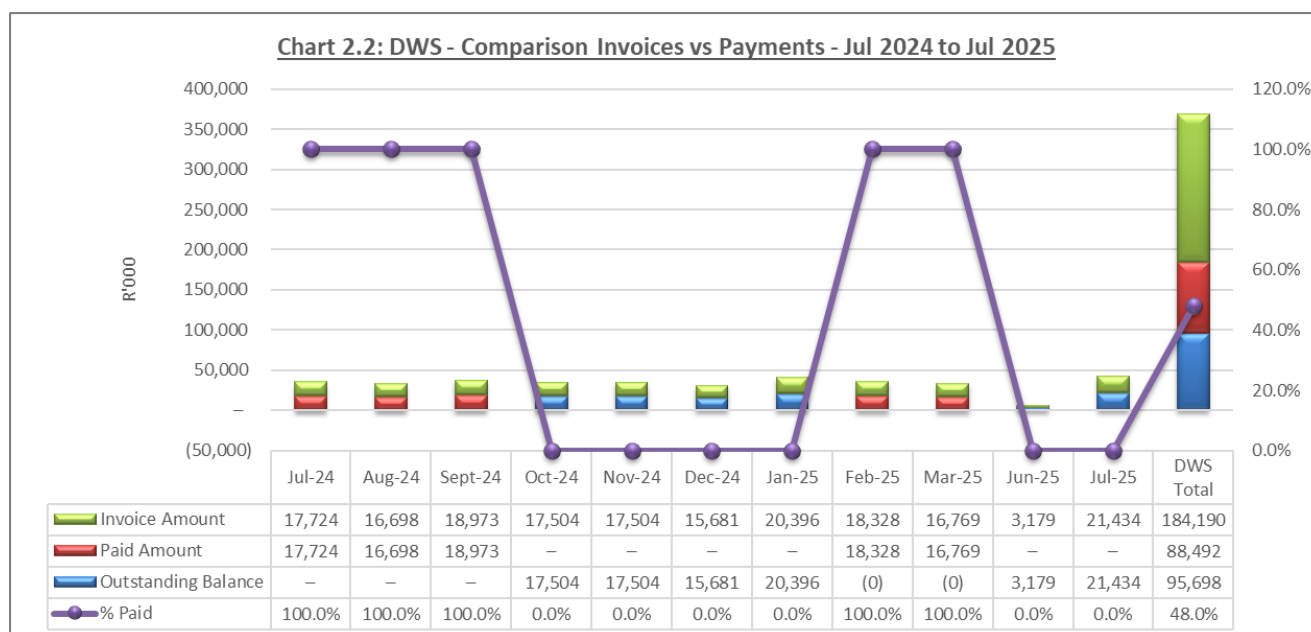


Chart 2.2: DWS - Comparison Invoices vs Payments

Indicated in Chart 2.2 is the comparison of DWS invoices versus payments for the 2024/25 and 2025/26 financial year from July 2024 to July 2025. The current account for August 2025 is excluded because it is not yet due and payable. The YTD actual until July 2025 show that 48% of invoices were settled, based on invoices raised of R184,190 million versus payments of R88,492 million. Invoices for July to September 2024 were settled in full, whilst the invoices for October 2024 to January 2025, and June and July 2025 remain unpaid. The total arrear outstanding balance amounts to R95,698 million.

Chart 2.3: Monthly Bulk Payments: DWS & ESKOM: 2023/24, 2024/25 and 2025/26

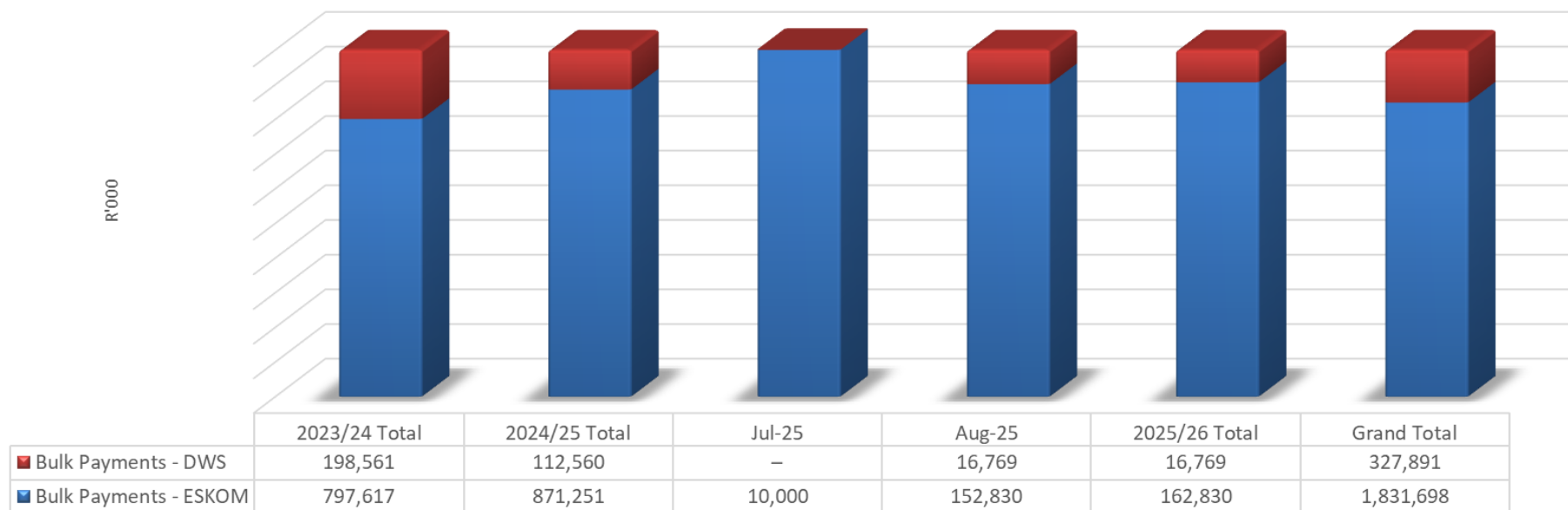


Chart 2.3: Monthly payments to DWS & ESKOM

Indicated in Chart 2.3 above, are the monthly payments made to DWS and ESKOM for 2023/24, 2024/25 and 2025/26 financial year as at 31 August 2025.

DWS - The invoice payments for 2023/24 amounts to R198,561 million, whilst payments for 2024/25 amounts to R112,560 million. The payments for 2025/26 amounts to R16,679 million. The total payments amount to R327,891 million. The municipality has shown significant improvement over the 2022/23 and 2023/24 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 six months (October 2024 to January 2025, June and July 2025) are now outstanding. The debt agreement with DWS should have been paid up already but due to insufficient cash available this has not materialised. Urgent intervention is necessary to remedy the situation.

ESKOM The municipality settled an amount of R152,830 million during August 2025. 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 amounted to R797,617 million and for 2024/25 financial year the payments amounted to R871,251 million and for 2025/26 financial year the payments amounts to R162,830 million, resulting in the total payments for the three periods amounting to R1,831,698 billion. The high months remains a major concern.

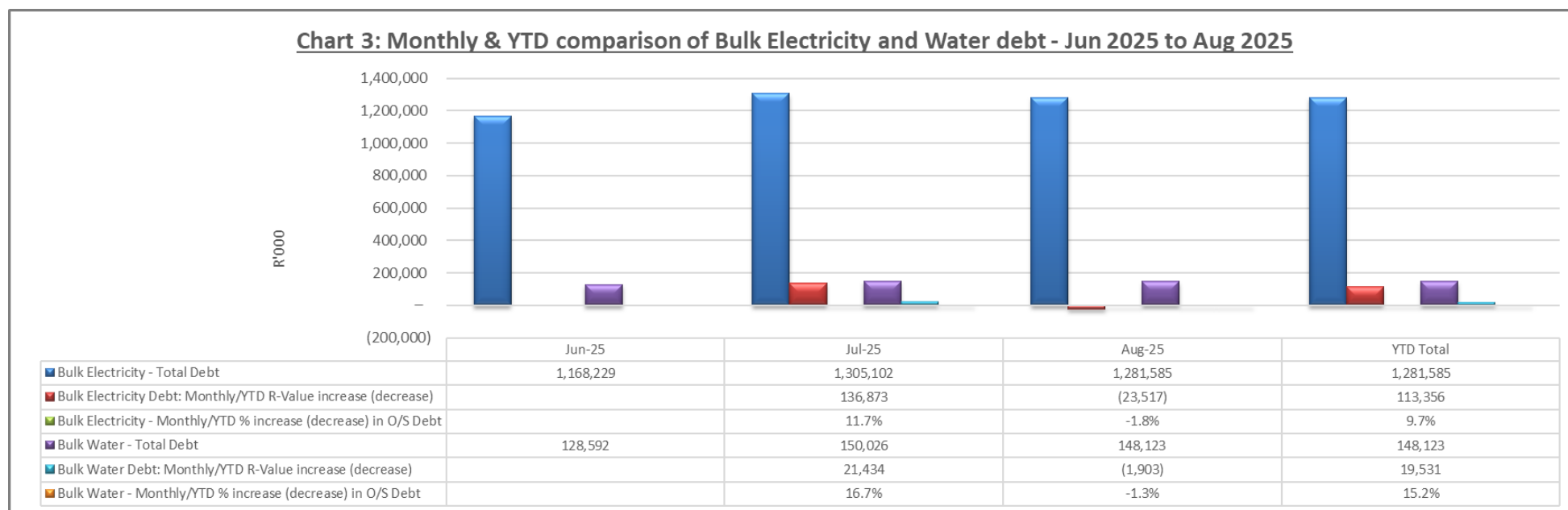


Chart 3: Monthly & YTD comparison – Bulk Electricity & Water debt

Indicated in Chart 3 above, is the monthly and YTD comparison of Bulk electricity and Water debt.

ESKOM - From July 2025 to August 2025, debt owed to ESKOM decreased by R23,517 million or 1.8%, from R1,305,102 billion to R1,285,585 billion. When comparing the total outstanding debt to June 2025, the outstanding debt increased by R113,356 million or 9.7%, from R1,168,229 million to R1,285,585 billion.

DWS - From July 2025 to August 2025, debt owed to DWS decreased by R1,903 million or 1.3% from R150,026 million to R148,123 million. When comparing the total outstanding debt to June 2025, the outstanding debt increased by R19,531 million or 15.2% from R128,592 million to R148,123 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 did not transpire for the 2024/25 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, December 2024 and January, March and June 2025 accounts which remains unpaid. The March 2025 account was settled during August 2025. 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	77068429	2024/08/29	544917625256 - Jul 2023	R 6,700,000.00	R 42,462,000.00	R 120,600,000.00	26.04%	
7	2024/08/31	77068766	2024/09/30	544917625256 - Jul 2023	R 6,700,000.00	R 49,162,000.00	R 113,900,000.00	30.15%	
8	2024/09/30								R 6,700,000.00
9	2024/10/31								R 6,700,000.00
10	2024/11/30								R 6,700,000.00
11	2024/12/31								R 6,700,000.00
12	2025/01/31								R 6,700,000.00
13	2025/02/28								R 6,700,000.00
14	2025/03/31								R 6,700,000.00
15	2025/04/30								R 6,700,000.00
16	2025/05/30								R 6,700,000.00
17	2025/06/30								R 6,700,000.00
18	2025/07/30								R 6,700,000.00
19	2025/08/30								R 6,700,000.00
TOTAL					R 49,162,000.00		R 113,900,000.00		R 80,400,000.00

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	-
NOV 2021 BULK ACCOUNT	R 14,522,530.48	R 14,522,530.48		R 14,522,530.48	-
DEC 2021 BULK ACCOUNT	R 11,107,773.22	R 11,107,773.22		R 11,107,773.22	-
JAN 2022 BULK ACCOUNT	R 17,098,078.18	R 17,098,078.18		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 136,517,943.57	R 37,558,388.30
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 136,517,943.57	R 22,854,707.84

Table 6.5: Reconciliation DWS Debt Agreement

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 repayment instalments amounting to R80,400 million.

As articulated in the adjacent Table 6.5, the total debt amounted to R174,076 million, whilst the municipality settled an amount of R136,518 million resulting in an outstanding balance of R37,558 million. An amount of R14,704 million for interest incurred must still be written-off, resulting in a net outstanding balance of R22,855 million on the payment arrangement, which should have been settled in full already, if the municipality did not default on any payments.

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - M02 August										
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 % - 16.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	627,331	34,703	34,896	104,555	33.38%	(69,659)	-66.6%	5.6%	(69,659)	-11.1%
Funded by										
Capital transfers recognised	594,927	32,851	33,044	99,154	33.33%	(66,110)	-66.7%	5.6%	(66,110)	-11.1%
Internally generated funds	32,404	1,852	1,852	5,401	34.3%	(3,548)	-65.7%	5.7%	(3,548)	-11.0%
Weighting Capital transfer recognised	94.8%	94.7%	94.7%	94.8%						
Weighting Internally generated funds	5.2%	5.3%	5.3%	5.2%						

Table 7: High level summary: Capital Expenditure

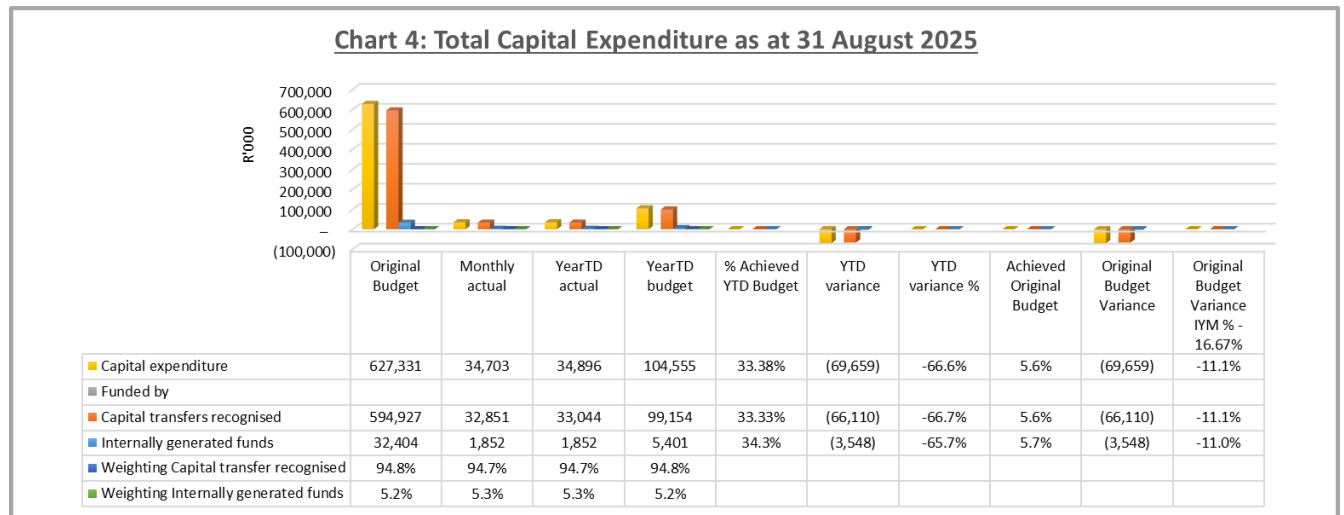


Chart 4: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of August 2025 amounted to R34,896 million and 33.38% spent when compared to the YTD budget of R104,555 million and 5.6% spent when compared to the Original Budget of R627,331 million. The total YTD capex is funded from Capital grants R33,044 million (94.8%) and Internally generated funds R1,852 million (5.3%). Capex is lower than anticipated and not at a desired level. Intervention is required early in 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. 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 5: Current investment deposits and Cash & cash equivalents at year-end

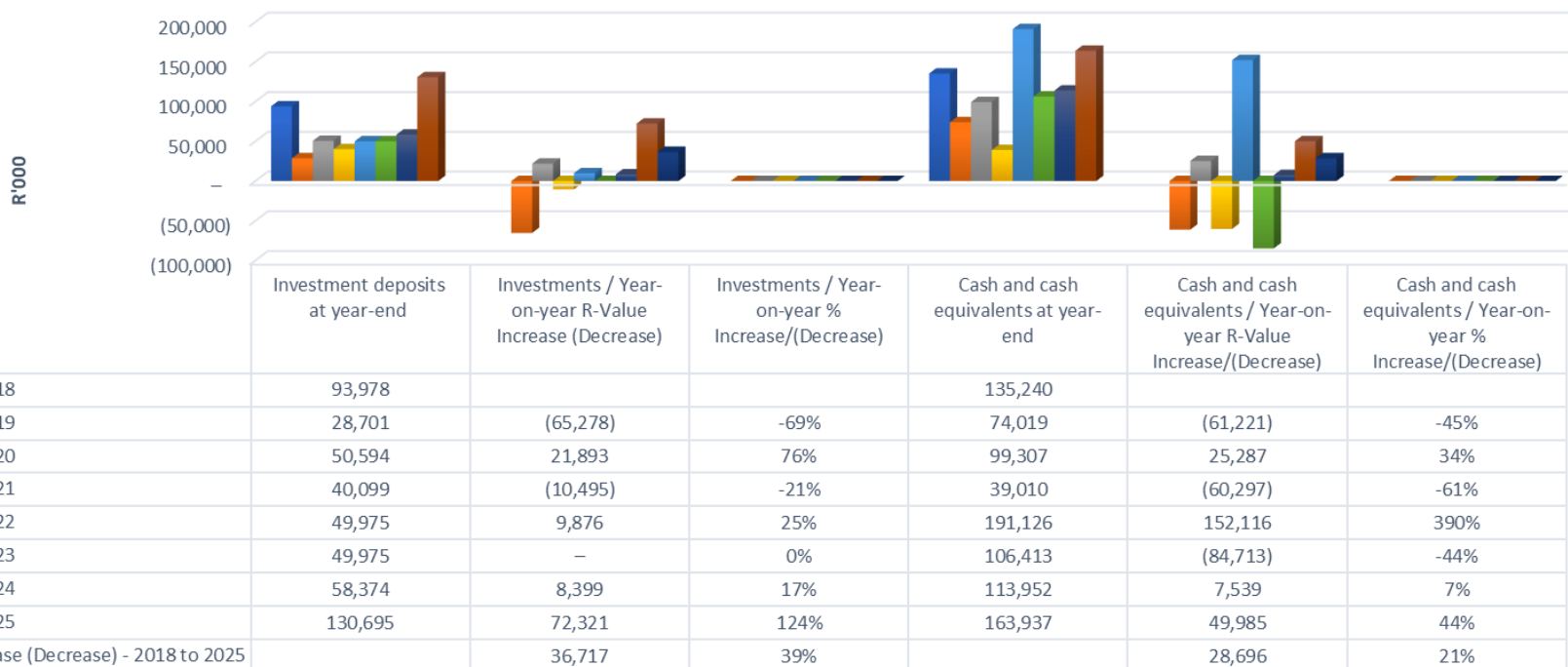


Chart 5: Call investment deposits and Cash & cash equivalents at year-end

Investments increased by R21,893 million (76%) from 2019 to 2020. Investments decreased by R10,495 million (21%) from 2020 to 2021. Investments increased by R9,876 million (25%) from 2021 to 2022. The total investment remained the same from 2022 to 2023 and increased by R8,399 million (17%) from 2023 to 2024 and increased by R72,321 million (124%) from 2024 to 2025. From 2018 to 2025, the total investments increased by R36,717 million (39%). 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 June 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.

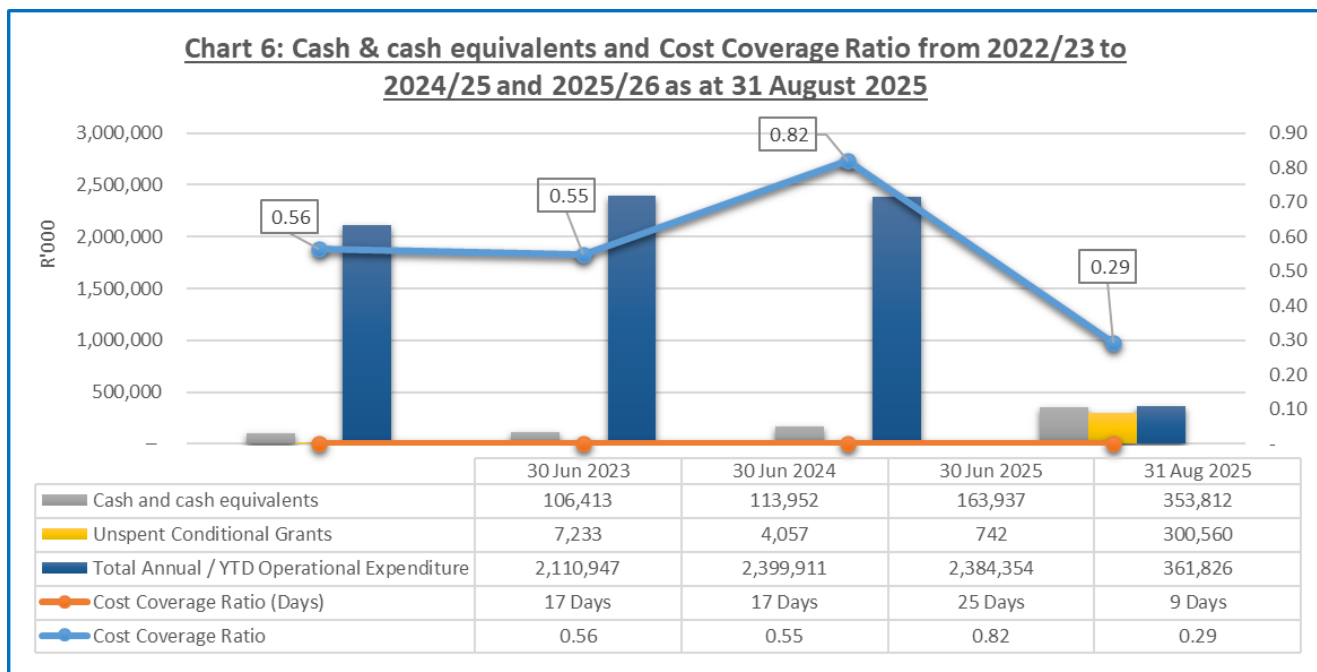


Chart 6: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 6 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 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 pre-audited outcome for the year ended 30 June 2025 is (0.82; 25 days; R163,937m). The Cost coverage ratio as at 31 August 2025 is calculated at (0.29; 9 days; R353,812m). Unspent conditional grants amounted to R300,560 million, which is netted off against the Cash and cash equivalents (cashbook), resulting in the critically low-Cost coverage. Immediate and decisive 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 2024/25 financial year. 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 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.

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

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	39,160	4.6%	23,845	2.8%	18,268	2.1%	769,247	90.4%	850,520	18.9%
Trade and Other Receivables from Exchange Transactions - Electricity	92,085	23.9%	33,354	8.6%	17,780	4.6%	242,506	62.9%	385,725	8.6%
Receivables from Non-exchange Transactions - Property Rates	46,189	4.5%	125,278	12.2%	17,212	1.7%	835,973	81.6%	1,024,652	22.7%
Receivables from Exchange Transactions - Waste Water Management	10,486	3.4%	7,391	2.4%	6,602	2.1%	286,784	92.1%	311,263	6.9%
Receivables from Exchange Transactions - Waste Management	8,454	3.5%	5,730	2.4%	4,995	2.1%	221,096	92.0%	240,275	5.3%
Receivables from Exchange Transactions - Property Rental Debtors	975	.9%	991	.9%	1,958	1.9%	101,555	96.3%	105,479	2.3%
Interest on Arrear Debtor Accounts	23,360	2.0%	23,823	2.1%	23,363	2.0%	1,088,242	93.9%	1,158,788	25.7%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
Other	8,441	2.0%	7,094	1.6%	8,512	2.0%	408,281	94.4%	432,329	9.6%
Total By Income Source	229,150	5.1%	227,508	5.0%	98,690	2.2%	3,953,683	87.7%	4,509,031	100.0%
Debtors Age Analysis By Customer Group										
Organs of State	41,598	4.5%	126,023	13.6%	14,837	1.6%	743,236	80.3%	925,693	20.5%
Commercial	86,758	11.6%	30,201	4.0%	22,349	3.0%	608,781	81.4%	748,089	16.6%
Households	97,659	3.6%	68,889	2.6%	59,147	2.2%	2,474,986	91.6%	2,700,681	59.9%
Other	3,135	2.3%	2,395	1.8%	2,357	1.8%	126,680	94.1%	134,567	3.0%
Total By Customer Group	229,150	5.1%	227,508	5.0%	98,690	2.2%	3,953,683	87.7%	4,509,031	100.0%

Table 8: Part 4: Debtors Age Analysis

Indicated in Table 8 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 R4,509,031 billion as at the end of August 2025 and the bulk of SPM's debt is aged over 90 days with an overall weighting of 87.7%.

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

- ❖ Interest on Arrear Debtor Accounts at 93.9% and Other at 94.4%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 96.3%
- ❖ Receivables from Exchange Transactions – Property Rates (81.6%); Waste Water Management (92.1%) and Waste Management (92.0%).

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

- ❖ Receivables from Non-exchange Transactions - Property Rates at 22.7%
- ❖ Interest on Arrear Debtor Accounts 25.7%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 18.9%

Indicated in Table 8 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 80.3%; Commercial at 81.4%; Households at 91.6% and Other at 94.1%.

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

- ❖ Organs of state at 20.5%, total debt outstanding is R925,693 million
- ❖ Businesses at 16.6%, total debt outstanding is R748,089 million
- ❖ Households at 59.9%, total debt outstanding is R2,700,681 billion
- ❖ Other at 3.0%, total debt outstanding is R134,567 million.

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 88% for the month under review. Debt over 90 days increased by R44,356 million in respect of the month-to-month comparison. The month-to-month increase, on total debt amounted to R85,123 million. It is concerning that total debt over 90 days is hovering at an average of 88 percent. During the 2025/26 MTREF Budget Benchmark exercise NT advised that the municipality needs to increase the collection rate to 82% to breakeven and have a positive cash flow.

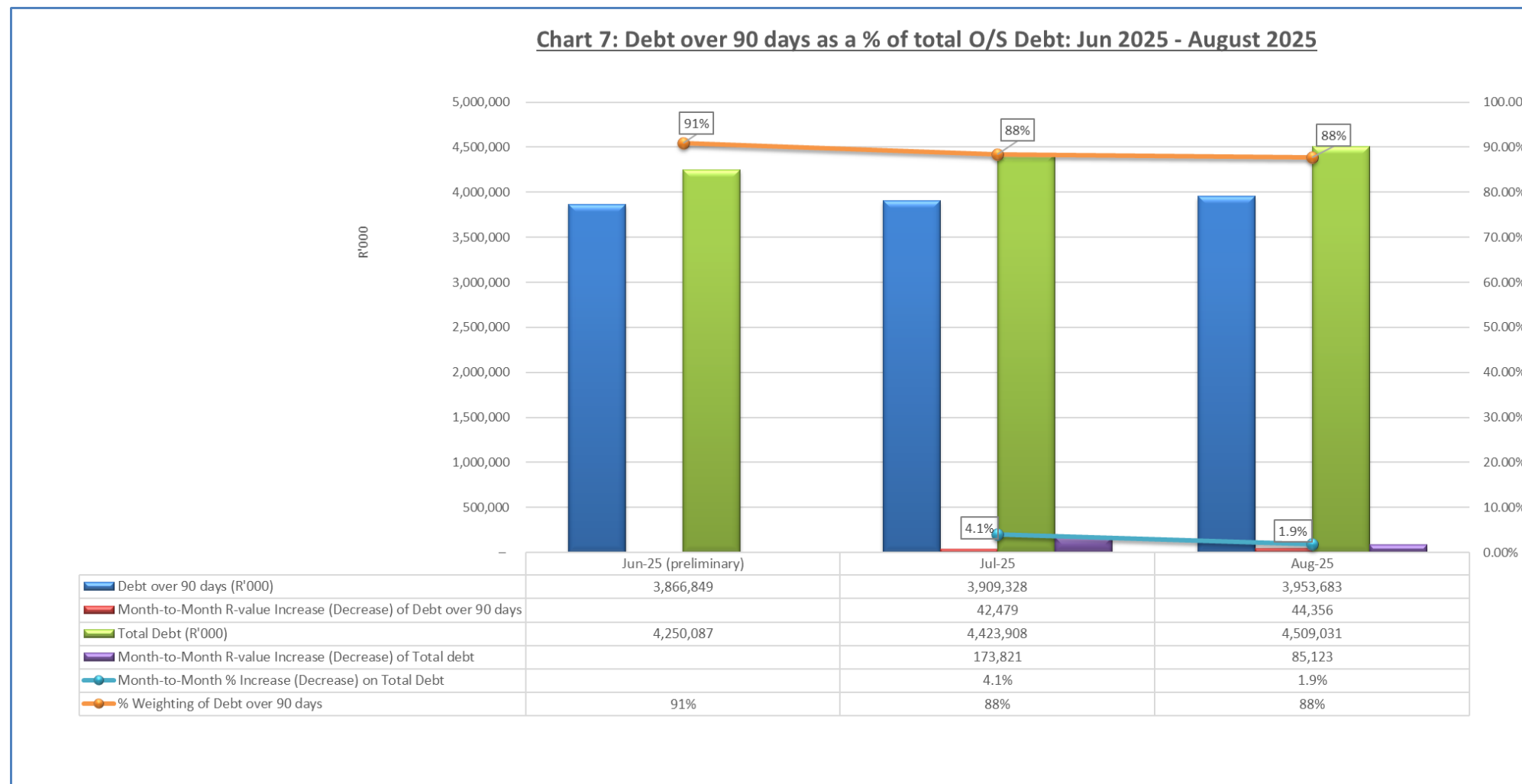


Chart 7: Debt over 90 days as a percentage of Total O/S Debt

- 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 August 2024, this will have to 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 2024/25 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.

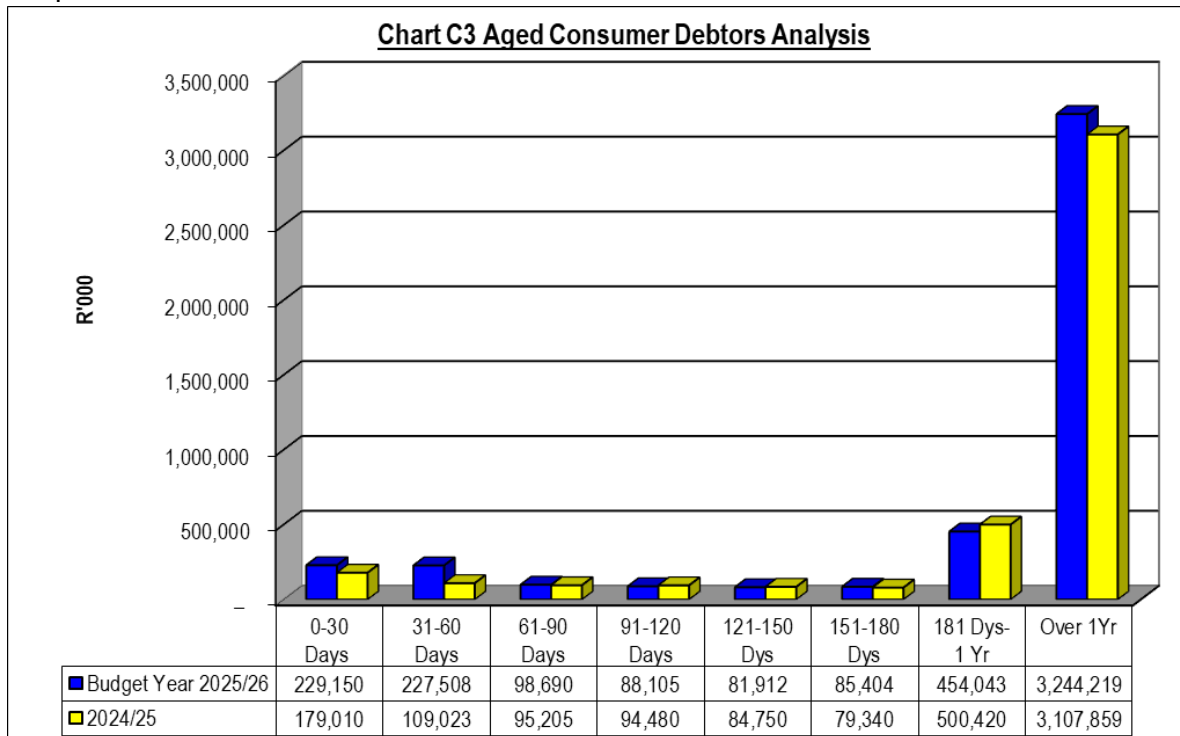


Chart 8: Aged Consumer Debtor Analysis

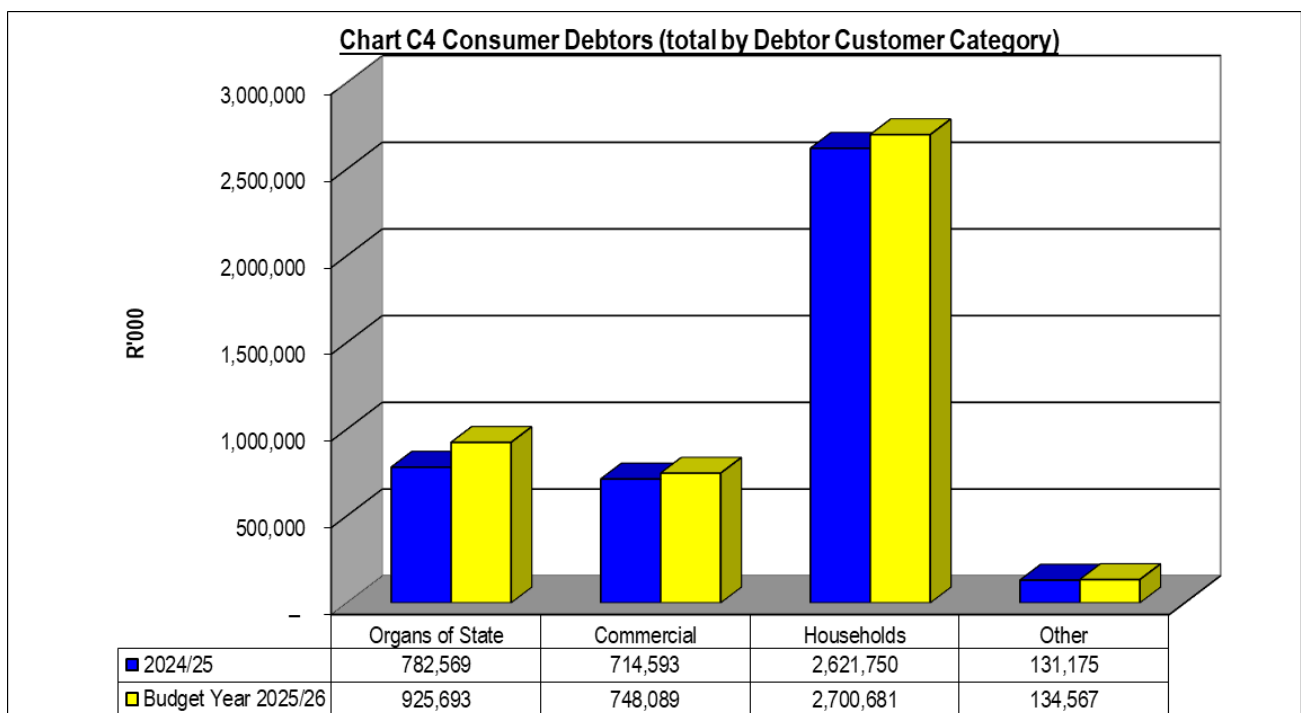


Chart 9: Consumer Debtors (total by Debtor Customer Category)

Revised collection rate

As per Table 9 below, when taking into consideration what was billed in July 2025 and received in August 2025, the monthly collection rate is 39%, for Property Rates and Service charges only. When including Other billing and receipts, the monthly collection rate is 39%. 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 not satisfactory for the month under review. Unallocated receipts amounted to R108,839 million and will be allocated during September 2025. The bulk of the unallocated credits is as a result of the R95 million that the municipality received from the Department of Roads and Public works. Indicated in Table 10 below is the revised average collection rate of 77.3%, for Property rates and Service charges only. The lower collection rate is not an ideal situation and is having a dire impact on the cash flow of the municipality. The collection rate is distorted due to the annual billing on Property rates. 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 95%, for the second cycle of the municipal debt relief.

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 August to 31 August 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 2025 to settle their outstanding accounts.

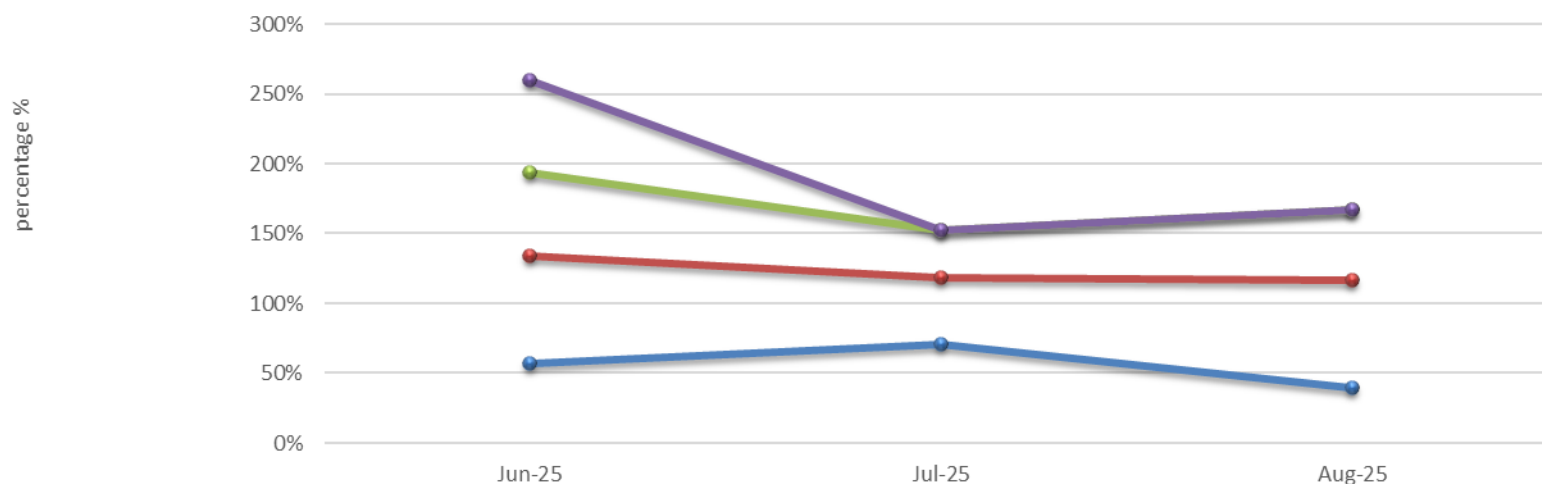
Monthly Collection Rate	Debits (Billed July 2025)	Credits (Received August 2025)	% Collected
PROPERTY RATES	165,377,372	38,549,703	23%
ELECTRICITY	64,826,416	46,714,954	72%
WATER	25,502,662	12,167,322	48%
SEWERAGE	10,571,032	4,630,568	44%
REFUSE	8,451,705	3,960,499	47%
PROPERTY RATES & SERVICES	274,729,187	106,023,047	39%
OTHER	29,293,183	12,374,976	42%
TOTAL	304,022,370	118,398,023	39%

Table 9: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL AUGUST 2025	YTD RECEIPTS	Rate
PROPERTY RATES	R 218,299,929	R 72,949,625	33.4%
SERVICE CHARGE ELECTRICITY	R 125,693,662	R 89,553,027	71.2%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 68,338,894	R 68,338,894	100.0%
SERVICE CHARGE WATER	R 45,075,377	R 24,842,078	55.1%
SERVICE CHARGE SANITATION	R 18,608,294	R 8,228,458	44.2%
SERVICE CHARGE REFUSE	R 14,584,435	R 7,460,092	51.2%
SERVICE CHARGES NON-EXCHANGE	R 1,918,359	R 366,154	19.1%
UNALLOCATED CREDITS		R 108,838,652	
REVISED AVERAGE COLLECTION RATE - August 2025	R 492,518,949	R 380,576,980	77.3%

Table 10: Revised Average collection rate

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



	Jun-25	Jul-25	Aug-25
Collection rate per Ward (Quarterly)	66%	-	-
Collection rate per Ward (Monthly)	60%	34%	51%
Revised average collection rate (SPLM)	77%	47%	77%
Monthly collection rate (Property rates and Services)	57%	71%	39%

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 2025 to August 2025. The monthly collection rate (Property rates & Services) for August 2025 is not satisfactory at 39%. The revised average collection for August 2025 which includes Prepaid sales and unallocated credits is 77%, for the month under review. The collection rate is distorted due to the annual billing on Property rates. The situation is exacerbated by the receipts on annual billing that is not 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 51% for the month under review. 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 R108,839 million was unallocated at month-end.

Chart 11: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2025 to Aug 2025

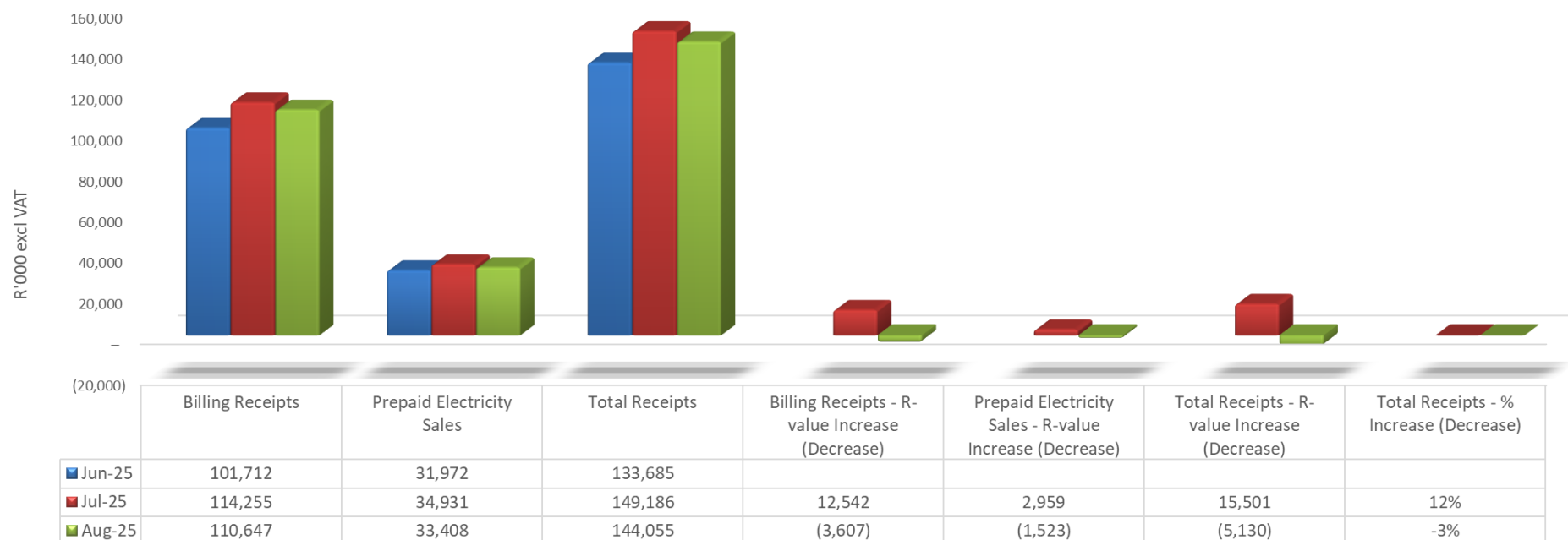


Chart 11: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 11 above, the Total Receipts for August 2025 amounted to R144,055 million which resulted in a decrease of R5,130 million (3%) in respect of the month-to-month comparison. Billing receipts decreased by R3,607 million, whilst Prepaid Electricity Sales decreased by R1,523 million. 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 R108,839 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.

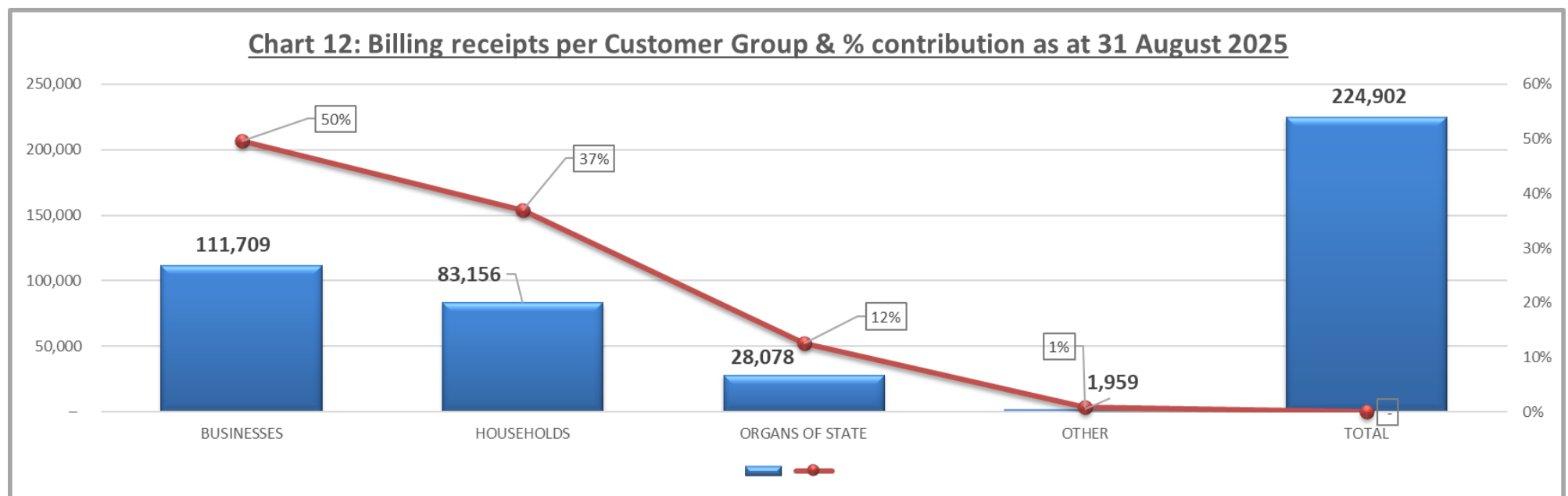


Chart 12: Billing receipts per Customer Group

Indicated in Chart 12 above, is the billing receipts and percentage contribution per major Customer group as at 31 August 2025. The municipality received R111,709 million (50%) from Businesses, Households R83,156 million (37%), Organs of State R28,078 million (12%) and Other R1,959 million (1%).

7. Creditors' Analysis

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	129,313	10.1%	116,873	9.1%	131,970	10.3%	903,429	70.5%	1,281,585	85.6%
Bulk Water	14,866	10.0%	21,434	14.5%	3,179	2.1%	108,643	73.3%	148,123	9.9%
PAYE deductions	11,973	100.0%	-	-	-	-	-	-	11,973	.8%
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	8,665	100.0%	-	-	-	-	-	-	8,665	.6%
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	10,484	83.3%	2,084	16.6%	15	.1%	5	-	12,589	.8%
Auditor-General	857	100.0%	-	-	-	-	-	-	857	.1%
Other	11,945	36.7%	913	2.8%	270	.8%	19,410	59.7%	32,539	2.2%
Medical Aid deductions	-	-	-	-	-	-	-	-	-	-
Total	188,103	12.6%	141,305	9.4%	135,435	9.1%	1,031,488	68.9%	1,496,330	100.0%

Table 11: Part 5: Creditors Age Analysis

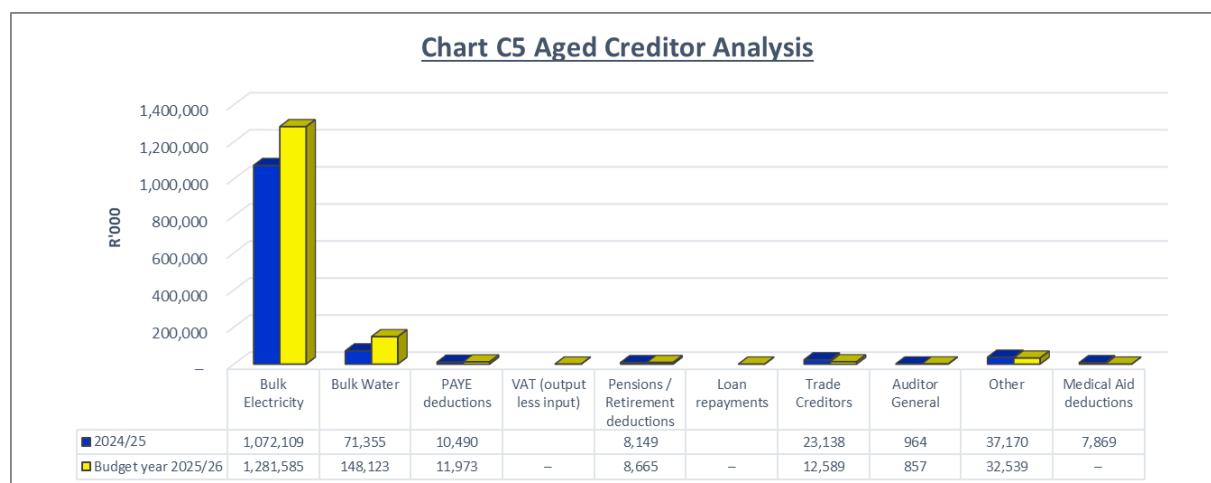


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2024/25 in Chart 13 is based on the outstanding creditors as at 31 August 2024 (prior year totals for the same period). Articulated in Table 11 above, is the age creditors analysis, which is standing at R1,496,330 billion owed to creditors. The analysis shows that 12.6% of creditors is owed between 0 to 30 days, whilst 68.9% of creditors is owed over 90 days. Bulk Electricity is the largest creditor at 85.6%.

Bulk Electricity – As at the 31 August 2025, the outstanding debt owed to ESKOM amounted to R1,281,585 billion. The write-off of R248 million has not yet been factored in.

Bulk Water – As at the 31 August 2025, the outstanding debt owed to DWS amounted R148,123 million. A payment agreement with DWS for the 2022/23 financial year was concluded for a period of 24 months as the municipality participated in the Incentive scheme that the Department provided 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.

VAT – after the monthly VAT reconciliation, the municipality paid an amount of R5,497 million to SARS.

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

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 current account due to the AGSA is R857 thousand.

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

Medical Aid deductions –medical aid contributions were settled on or before 31 August 2025 for the month under review.

8. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 August 2025, the value of total investments made was R394,190 million. Partially or prematurely withdrawn investments amounted to R89,423 million. The investment top-up was R290 million 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.	22,467
• 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.	341,357
• Own funds invested - Ring-fenced Eskom income / If amount is NEGATIVE, it means that there is Grant funds in the main account	22,964
Total	394,190

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

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 *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
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		156,321	2,391	(89,391)	290,000	359,321
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	9.71%	0		2023/06/28	7,401	-	-	-	7,401
Standard Bank - 04 846 6271-091		Monthly	Notice	No	Fixed	890.00%	0	n/a	2024/06/30	5,000	32	(32)	-	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	22,309	158	-	-	22,467
Municipality sub-total										191,031	2,581	(89,423)	290,000	394,190

Table 12: Supporting Table SC5: Investment portfolio

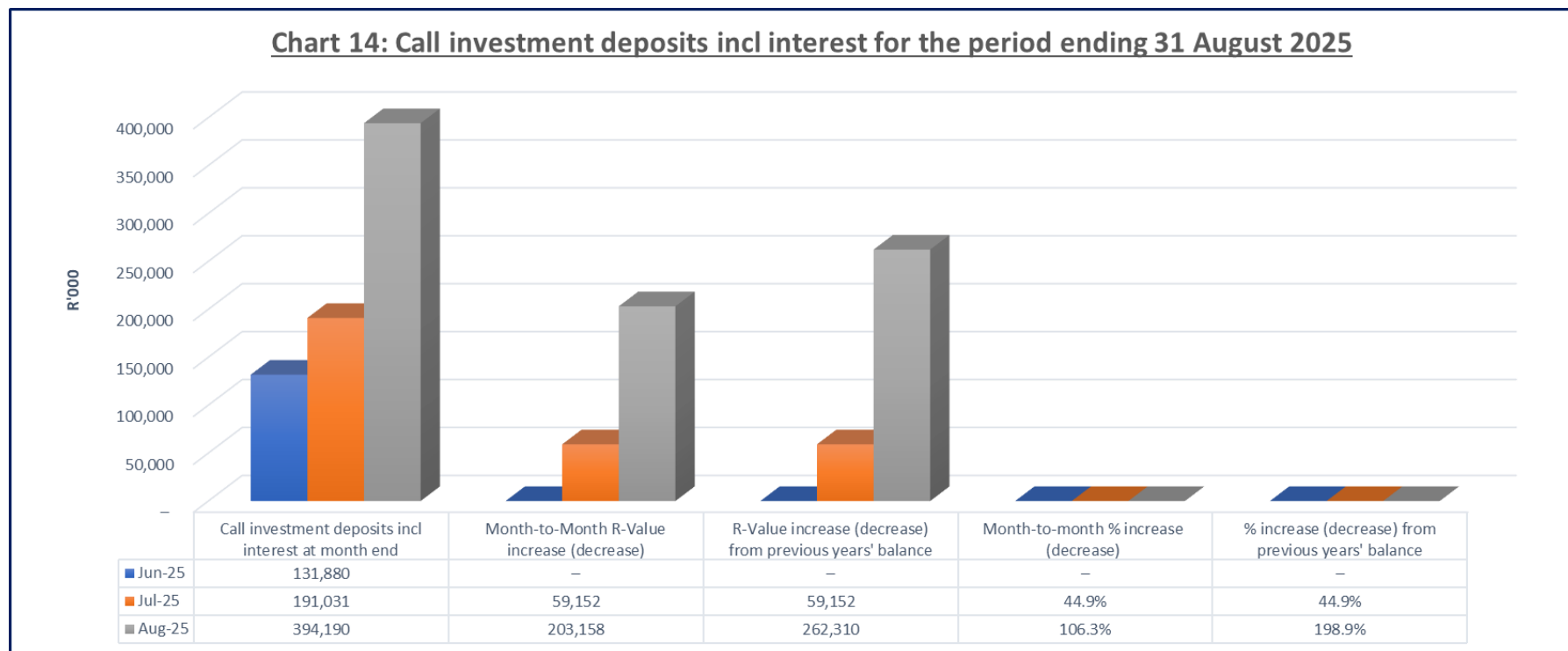


Chart 14: Call investment deposits at month-end

As indicated in the Chart 14 above from July 2025 to August 2025 investments incl interest increased by R203,158 million (106.3)%, in respect of the month-to-month comparison. Investments increased by R262,310 million (198.9%) when compared to the previous years' balance of R131,880 million. 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, 2024/25 and 2025/26 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 - M02 August

Description	Ref	2024/25	Budget Year 2025/26							
		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:		294,090	314,669	314,669	391	126,109	52,445	73,664	140.5%	314,669
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		282,104	301,722	301,722	-	125,718	50,287	75,431	150.0%	301,722
Expanded Public Works Programme Integrated Grant		2,927	4,442	4,442	-	-	740	(740)	-100.0%	4,442
Infrastructure Skills Development Grant		4,500	4,400	4,400	521	521	733	(212)	-28.9%	4,400
Integrated Urban Development Grant		2,759	2,305	2,305	-	-	384	(384)	-100.0%	2,305
Local Government Financial Management Grant		1,800	1,800	1,800	(130)	(130)	300	(430)	-143.4%	1,800
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		19,321	9,007	9,007	143	143	1,501	(1,358)	-90.5%	9,007
Capacity Building and Other Grants		9,264	9,007	9,007	143	143	1,501	(1,358)	-90.5%	9,007
Infrastructure Grant		10,057	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
ESKOM		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	313,411	323,676	323,676	534	126,252	53,946	72,306	134.0%	323,676
Capital Transfers and Grants										
National Government:		574,062	684,166	684,166	38,021	38,021	114,028	(76,007)	-66.7%	684,166
Energy Efficiency and Demand Side Management Grant		5,000	5,000	5,000	677	677	833	(156)	-18.8%	5,000
Integrated National Electrification Programme Grant		4,500	19,000	19,000	216	216	3,167	(2,951)	-93.2%	19,000
Integrated Urban Development Grant		72,562	76,066	76,066	10,028	10,028	12,678	(2,649)	-20.9%	76,066
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	100	100	-	-	17	(17)	-100.0%	100
Regional Bulk Infrastructure Grant		492,000	574,000	574,000	27,099	27,099	95,667	(68,567)	-71.7%	574,000
Water Services Infrastructure Grant		-	10,000	10,000	-	-	1,667	(1,667)	-100.0%	10,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Infrastructure Grant		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	574,062	684,166	684,166	38,021	38,021	114,028	(76,007)	-66.7%	684,166
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	887,473	1,007,842	1,007,842	38,555	164,273	167,974	(3,701)	-2.2%	1,007,842

Table 13: Supporting Table SC6: Transfers and grant receipts

No Operational grant monies were received for the month under review.

Capital grant monies received for the month under review.

RBIG – R287,000 million

EEDSM – R2,000 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 - M02 August

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		263,684	252,673	252,673	34,614	41,932	40,247	1,685	4.2%	252,673
Equitable Share		251,739	239,722	239,722	34,050	40,976	38,088	2,887	7.6%	239,722
Expanded Public Works Programme Integrated Grant		3,143	4,442	4,442	45	81	740	(659)	-89.0%	4,442
Infrastructure Skills Development Grant		4,373	4,400	4,400	277	521	733	(212)	-28.9%	4,400
Integrated Urban Development Grant		2,629	2,305	2,305	153	224	384	(161)	-41.8%	2,305
Local Government Financial Management Grant		1,800	1,804	1,804	88	130	301	(170)	-56.7%	1,804
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		14,526	8,942	11,442	232	333	1,907	(1,574)	-82.6%	11,442
Capacity Building and Other Grants		9,055	8,942	8,942	103	143	1,490	(1,348)	-90.4%	8,942
Infrastructure Grant		5,471	–	2,500	130	190	417	(227)	-54.4%	2,500
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		278,210	261,615	264,115	34,846	42,265	42,154	111	0.3%	264,115
Capital expenditure of Transfers and Grants										
National Government:		504,592	594,927	594,927	32,851	33,044	99,154	(66,110)	-66.7%	594,927
Energy Efficiency and Demand Side Management Grant		4,545	4,348	4,348	589	589	725	(136)	-18.8%	4,348
Integrated National Electrification Programme Grant		3,958	16,522	16,522	170	170	2,754	(2,583)	-93.8%	16,522
Integrated Urban Development Grant		64,588	66,144	66,144	8,527	8,720	11,024	(2,304)	-20.9%	66,144
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	87	87	–	–	14	(14)	-100.0%	87
Regional Bulk Infrastructure Grant		431,501	499,130	499,130	23,565	23,565	83,188	(59,624)	-71.7%	499,130
Water Services Infrastructure Grant		–	8,696	8,696	–	–	1,449	(1,449)	-100.0%	8,696
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		504,592	594,927	594,927	32,851	33,044	99,154	(66,110)	-66.7%	594,927
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		782,802	856,542	859,042	67,697	75,309	141,308	(65,999)	-46.7%	859,042

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. 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 allocation for the EPWP is R4,442 million. In addition to this, the municipality budgeted R15,000 million for this programme.

	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	8,527	8,720	1,045	13.18%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	589	589	-	13.54%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	23,565	23,565	-	4.72%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	170	170	5	1.03%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	87	-	-	-	0.00%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	8,696	-	-	-	0.00%
Grand Total	594,927	32,851	33,044	1,050	5.55%

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R33,044 million or 5.5% spent against the Original capital grant allocation of R594,927 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 budget and 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 2024/25 financial year will be submitted to National Treasury on or before 31 August 2025.

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 - M02 August

Summary of Employee and Councillor remuneration	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		—	30,893	30,893	2,301	4,569	5,149	(580)	-11%	30,893
Pension and UIF Contributions		1,040	1,540	1,540	77	154	257	(103)	-40%	1,540
Medical Aid Contributions		657	710	710	54	108	118	(10)	-9%	710
Motor Vehicle Allowance		—	950	950	93	186	158	28	18%	950
Cellphone Allowance		3,048	2,910	2,910	256	506	485	21	4%	2,910
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		29,049	80	80	—	—	13	(13)	-100%	80
Sub Total - Councillors			33,794	37,083	37,083	2,781	5,524	6,181	(657)	-11%
% increase	4		9.7%	9.7%						9.7%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	5,763	8,743	8,743	440	793	1,457	(664)	-46%	8,743
Pension and UIF Contributions		747	1,351	1,351	33	65	225	(160)	-71%	1,351
Medical Aid Contributions		208	140	140	16	32	23	8	36%	140
Overtime								—		
Performance Bonus								—		
Motor Vehicle Allowance		1,136	2,113	2,113	87	174	352	(179)	-51%	2,113
Cellphone Allowance		115	198	198	8	17	33	(16)	-49%	198
Housing Allowances		21	24	24	2	4	4	(0)	-12%	24
Other benefits and allowances								—		
Payments in lieu of leave								—		
Long service awards		29	31	31	1	3	5	(3)	-50%	31
Post-retirement benefit obligations	2							—		
Entertainment								—		
Scarcity								—		
Acting and post related allowance								—		
In kind benefits								—		
Sub Total - Senior Managers of Municipality		8,018	12,601	12,601	587	1,087	2,100	(1,014)	-48%	12,601
% increase	4		57.2%	57.2%						57.2%
Other Municipal Staff										
Basic Salaries and Wages		463,558	538,612	538,115	41,206	82,113	89,686	(7,573)	-8%	538,115
Pension and UIF Contributions		83,957	99,661	99,661	7,291	14,589	16,610	(2,021)	-12%	99,661
Medical Aid Contributions		58,162	69,790	69,790	6,195	11,559	11,632	(73)	-1%	69,790
Overtime		78,779	58,301	58,301	1,611	8,928	9,717	(789)	-8%	58,301
Performance Bonus		30,549	39,432	39,432	1,533	2,316	6,572	(4,256)	-65%	39,432
Motor Vehicle Allowance		41,631	50,362	50,362	3,431	6,862	8,394	(1,531)	-18%	50,362
Cellphone Allowance		1,585	1,740	1,740	138	266	290	(24)	-8%	1,740
Housing Allowances		4,158	3,152	3,152	239	473	525	(52)	-10%	3,152
Other benefits and allowances		31,886	32,935	33,432	2,834	5,559	5,572	(13)	0%	33,432
Payments in lieu of leave		10,012	16,200	16,200	388	453	2,700	(2,247)	-83%	16,200
Long service awards		30,742	31,845	31,845	5,286	5,286	5,308	(22)	0%	31,845
Post-retirement benefit obligations		41,384	49,900	49,900	447	447	8,317	(7,870)	-95%	49,900
Entertainment								—		
Scarcity								—		
Acting and post related allowance								—		
In kind benefits								—		
Sub Total - Other Municipal Staff		876,402	991,931	991,931	70,599	138,852	165,322	(26,470)	-16%	991,931
% increase	4		13.2%	13.2%						13.2%
Total Parent Municipality		918,214	1,041,615	1,041,615	73,967	145,463	173,603	(28,140)	-16%	1,041,615
TOTAL SALARY, ALLOWANCES & BENEFITS		918,214	1,041,615	1,041,615	73,967	145,463	173,603	(28,140)	-16%	1,041,615
% increase	4		13.4%	13.4%						13.4%
TOTAL MANAGERS AND STAFF		884,420	1,004,532	1,004,532	71,186	139,939	167,422	(27,483)	-16%	1,004,532

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 16%. 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 11% 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 is normally issued and implemented during December of the year.

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 and 2024/25 financial 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 moratorium placed on recruitment should ideally curb employee related expenditure 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, this had 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.

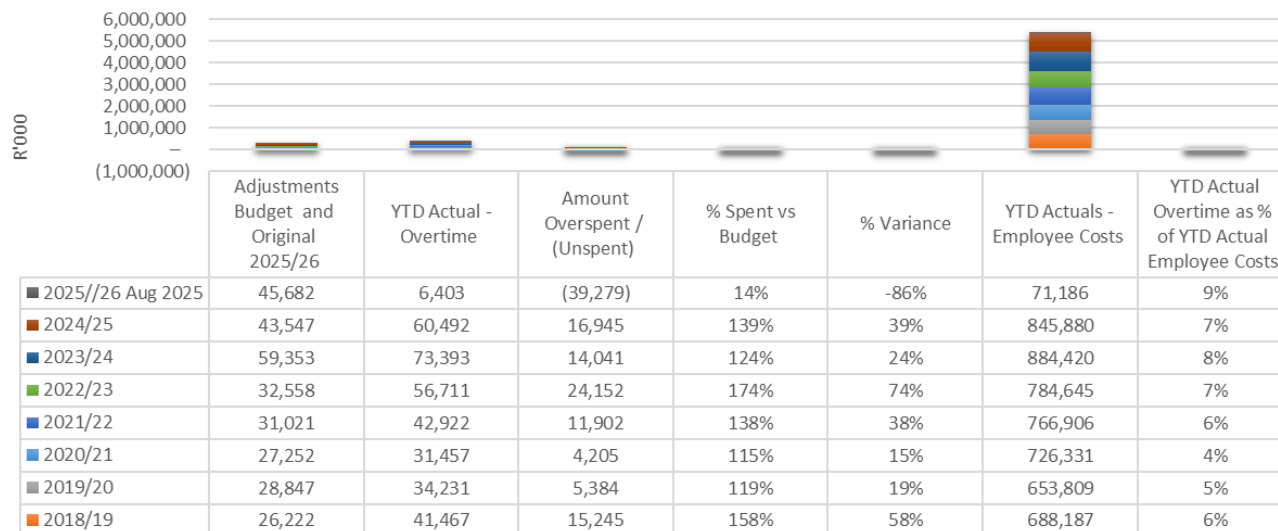
And indicated in Table 18 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of August 2025.

Description per line item (Amount in Rand)	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget
MS: OVERTIME - NON STRUCTURED	42,176,000	542,891	6,170,637	15%
MS: OVERTIME - STRUCTURED	3,506,000	-31,516	232,722	7%
Overtime as at 31 August 2025	45,682,000	511,376	6,403,359	14%
Row Labels	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget
20-EXECUTIVE AND COUNCIL	560,000	49,255	97,773	17%
21-MUNICIPAL AND GENERAL	-	-	-	
22-MUNICIPAL MANAGER	-	-7,494	6,832	
23-CORPORATE SERVICES	2,035,000	27,541	602,312	30%
24-COMMUNITY SERVICES	17,145,000	-43,506	1,583,007	9%
26-FINANCIAL SERVICES	1,216,000	13,831	226,487	19%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	1,112,000	65,418	119,301	11%
28-INFRASTRUCTURE SERVICES	23,614,000	406,329	3,767,647	16%
Overtime as at 31 August 2025	45,682,000	511,376	6,403,359	14%

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 14% spent versus the Original budget, resulting in a fairly satisfactory variance of 2.6% for the period under review, when compared to the ideal IYM percentage of 16.67%. The actuals for August 2025 is low, due to the recognition of the Overtime for June 2025 that was paid in July 2025 in the prior financial year.

Chart 15.1: Overtime Actual vs Budget - 2018/19 to 2025/26



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 July 2018 to May 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. The Overtime control implemented was fairly effective, it resulted in a R12.9 million reduction in Overtime expenditure when compared to the prior financial year.

Chart 15.1: Overtime Actual vs Budget

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

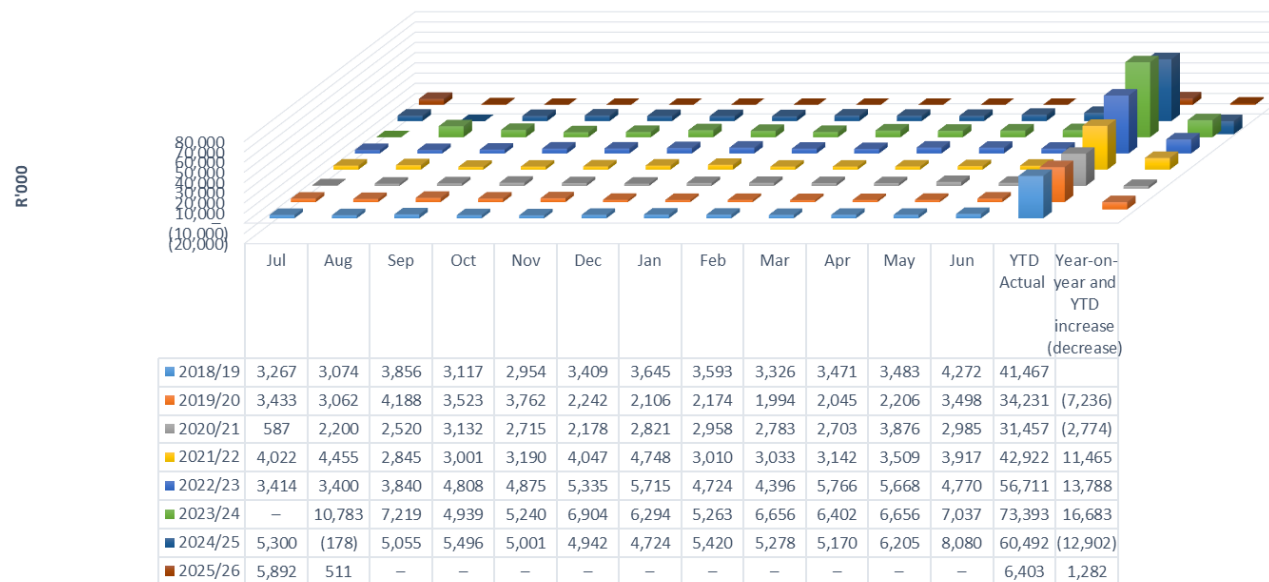


Chart 15.2: Monthly and Annual Overtime Comparison

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 30 September 2025.

12. Capital programme performance

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

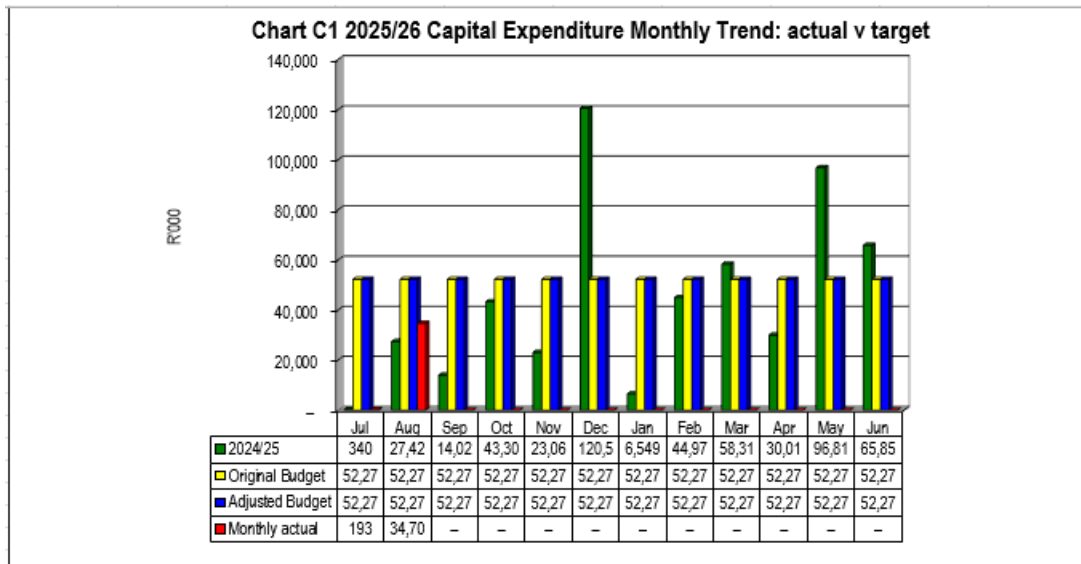


Chart 16.1: Capital Expenditure Monthly Trend: actual v target

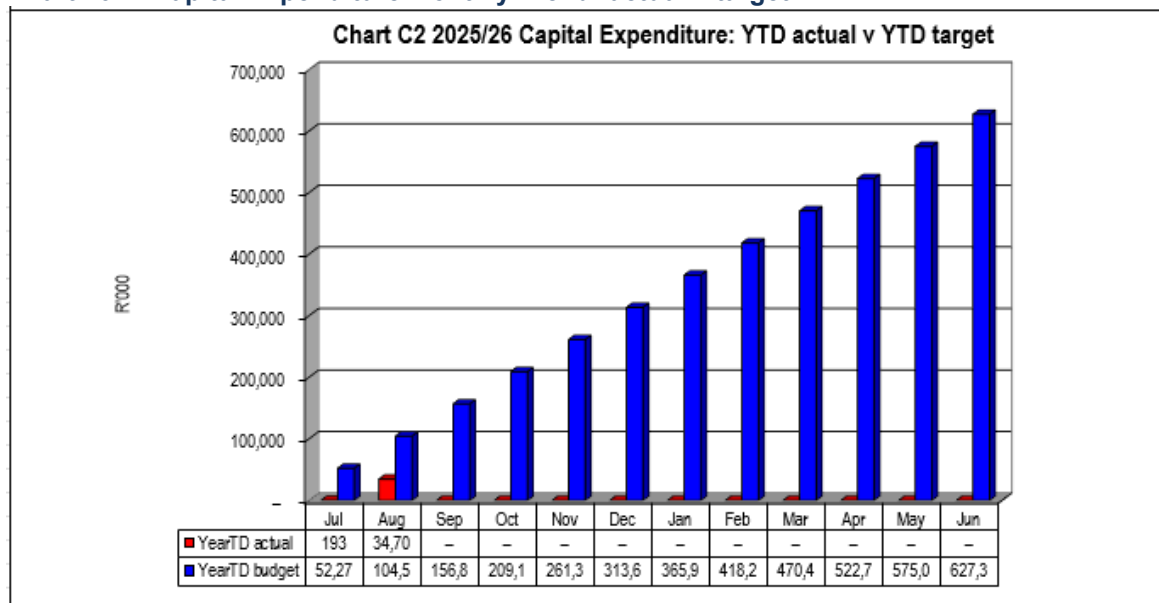


Chart 16.2: Capital Expenditure: YTD actual vs YTD target

Projects per funding source (R'000)	Original Budget	Adjusted Budget	Monthly Actuals	YTD Actuals	Commitments	% Original Bud	% Adjusted Bud
INTERNALLY GENERATED FUNDS	32,404	32,404	1,852	1,852	1,171	5.72%	5.72%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	6,783	6,783	–	–	1,160	0.00%	0.00%
ACQ-FLEET REPLACEMENT	4,348	4,348	–	–	11	0.00%	0.00%
ACQ-FURNITURE AND OFFICE EQUIP REPLACEMENT	870	870	–	–	–	0.00%	0.00%
CAPITAL SPARES-ACQ-PREPAID METERS	435	435	–	–	–	0.00%	0.00%
DSITRBUTION-ACQ-WAT METER REPLACEMENT	435	435	–	–	–	0.00%	0.00%
PHDA PLANNING & SURVEYING	1,304	1,304	–	–	–	0.00%	0.00%
RUFURBISHMENT OF THE VINTAGE TRAM	1,409	1,409	–	–	–	0.00%	0.00%
PLANNING & DEVELOPMENT	870	870	–	–	–	0.00%	0.00%
CARTERS GLEN SEWER PUMP STATION	6,957	6,957	–	–	–	0.00%	0.00%
TOWNSHIP ESTABLISHMENT	1,739	1,739	1,070	1,070	–	61.54%	61.54%
TOWNSHIP REVITALISATION	870	870	–	–	–	0.00%	0.00%
FENCING OF MARKET	2,039	2,039	–	–	–	0.00%	0.00%
REFURBISHMENT OF HOMEVALE WWTW	4,348	4,348	782	782	–	17.99%	17.99%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	66,144	8,527	8,720	1,045	13.18%	13.18%
UPGRADE GRAVEL ROADS WARDS VARIOUS	8,261	8,261	511	611	659	7.40%	7.40%
SPECIALISED FLEET REPLACEMENT	7,826	7,826	–	–	–	0.00%	0.00%
REFURBISHMENT OF HALLS	3,536	3,536	–	–	–	0.00%	0.00%
LINING OF STORMWATER CHANNELS WARD 16	2,609	2,609	561	654	386	25.08%	25.08%
CONSTRUCTION OLD SINK TOILETS	9,565	9,565	–	–	–	0.00%	0.00%
UPGRADE OF RITCHIE SPORTS GROUNDS	1,739	1,739	–	–	–	0.00%	0.00%
REDEVELOPMENT OF RC ELLIOT HALL	2,174	2,174	–	–	–	0.00%	0.00%
DEVELOPMENT OF RIVERTON HALL	870	870	–	–	–	0.00%	0.00%
FENCING OF ABC CEMETERY	5,217	5,217	5,217	5,217	–	99.99%	99.99%
SATELITE OFFICE CONTAINERS	870	870	–	–	–	0.00%	0.00%
GREENPOINT BUSINESS DEVELOPMENT CENTRE	2,174	2,174	–	–	–	0.00%	0.00%
BEACONSFIELD WASTE WATER TREATMENT WORKS	12,609	12,609	–	–	–	0.00%	0.00%
HIGH MAST LIGHTS	8,696	8,696	2,238	2,238	–	25.74%	25.74%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	4,348	589	589	–	13.54%	13.54%
STREETLIGHTS AND HIGH MAST RETROFITTING	4,348	4,348	589	589	–	13.54%	13.54%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	499,130	23,565	23,565	–	4.72%	4.72%
UPGRADE EXISTING/NEW RESERVOIR CONSTRUCT	46,541	46,541	1,274	1,274	–	2.74%	2.74%
REFURBISHMENT/REPLACEMENT BULK PIPELINE	366,547	366,547	7,564	7,564	–	2.06%	2.06%
KBY/RITCHIE NETWORK LEAK DETECT/REPAIR	32,220	32,220	1,391	1,391	–	4.32%	4.32%
KBY/RITCHIE BULK METERS/PRESSURE MANAGE	3,698	3,698	846	846	–	22.89%	22.89%
NEWTON AND RIVERTON WWTW	50,125	50,125	12,490	12,490	–	24.92%	24.92%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	16,522	170	170	5	1.03%	1.03%
ELECTRIFICATION OF JACKSONVILLE	5,891	5,891	–	–	–	0.00%	0.00%
NETWORKS ACQ - ELECTR SANTA CENTRE	2,804	2,804	170	170	5	6.07%	6.07%
GALESHEWE TRANSFORMER	7,826	7,826	–	–	–	0.00%	0.00%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	87	87	–	–	–	0.00%	0.00%
REDEVELOPMENT OF RC ELLIOT HALL	87	87	–	–	–	0.00%	0.00%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	8,696	8,696	–	–	–	0.00%	0.00%
ACQ - CARTERS GLEN SEWER PUMP STATION	8,696	8,696	–	–	–	0.00%	0.00%
Grand Total	627,331	627,331	34,703	34,896	2,221	5.56%	5.56%

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 as at the end of August 2025 is not at a desired level. Capital expenditure requires constant monitoring from management to improve the final outcome. The actual monthly expenditure for August 2025 amounted to R34,703 million. The total YTD Capex amounts to R34,896 million. Please note that Commitments 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 (13.18%), EEDSM (13.54%), RBIG (4.72%), INEP (1.03%), WSIG (0%). Spending on Internally generated funds is also 5.72% 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

All the figures reported for June 2025 is pre-audited figures, and are subject to change as the municipality is busy finalizing the audit process for the year ending 30 June 2025.

Additional information or supporting documentation for July 2025.

- Monthly Debt Relief Non-Compliance Report accompanied by the Municipal Debt Relief Compliance Certificate issued by National Treasury for July 2025.
- The municipality's self-assessment for the month of August 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 for households) regarding electricity must be resolved by Council – huge financial loss (possible recovery plan is needed)
- Non-implementation of basic and capacity charges for households as approved by NERSA
- Water and Electricity losses
- Collection on arrear debtors and liquidity of the Municipality
- The municipality does not meet 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
- Eskom's proposed intervention which includes entering into Distribution Agency Agreements, that would give the utility direct control over metering, billing and revenue collection. This would allow Eskom to deduct its share for bulk electricity purchases upfront and return the balance to municipalities.
- National Treasury not approving the second 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 R496 million for the second and third cycle.
- 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 and electricity business of the municipality

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

- Insufficient cash to pay salaries, third-party salary payments and creditors for goods and services rendered
 - Non-payment of statutory third-party salary payments (pension and medical aid) constitutes an act of financial misconduct
 - 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 from October 2024 to April 2025, with the exception of the November 2024 account with a partial payment being made in December 2024. Partial payments were also made at the end of May, June and July 2025.
 - 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 now completed.
 - 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.
 - 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 which will also assist in having defaulting consumers blacklisted. The debt collection companies' primary focus will also be legal collections.
 - Engaging government departments and monitor government debt in aid to strengthen relationships.
 - Assistance from National Treasury, who facilitated a meeting between the municipality, Department of Public works and Provincial Treasury during October 2024.

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 - M02 August

Description	2024/25	Budget Year 2025/26							
	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	687,339	717,920	717,920	53,012	218,300	119,653	98,647	82%	717,920
Service charges	1,449,088	1,761,512	1,761,512	137,798	272,301	293,585	(21,285)	-7%	1,761,512
Investment revenue	21,841	18,000	18,000	350	(467)	3,000	(3,467)	-116%	18,000
Transfers and subsidies - Operational	313,411	323,676	323,676	534	126,252	53,946	72,306	0	323,676
Other own revenue	430,140	413,080	413,080	32,655	64,135	68,847	(4,712)	-7%	413,080
Total Revenue (excluding capital transfers and contributions)	2,901,820	3,234,188	3,234,188	224,350	680,520	539,031	141,489	26%	3,234,188
Employee costs	884,420	1,004,532	1,004,532	71,186	139,939	167,422	(27,483)	-16%	1,004,532
Remuneration of Councillors	33,794	37,083	37,083	2,781	5,524	6,181	(657)	-11%	37,083
Depreciation and amortisation	96,037	90,200	90,200	—	—	15,033	(15,033)	-100%	90,200
Interest	104,569	15,880	15,880	2	2	28	(26)	-93%	15,880
Inventory consumed and bulk purchases	1,182,440	1,331,852	1,331,852	177,961	185,805	313,309	(127,504)	-41%	1,331,852
Transfers and subsidies	2,807	4,300	4,300	—	—	717	(717)	-100%	4,300
Other expenditure	780,530	728,658	728,658	123,940	139,846	121,443	18,403	15%	728,658
Total Expenditure	3,084,597	3,212,506	3,212,506	375,870	471,115	624,132	(153,017)	-25%	3,212,506
Surplus/(Deficit)	(182,777)	21,682	21,682	(151,520)	209,405	(85,101)	294,506	-346%	21,682
Transfers and subsidies - capital (monetary)	574,062	684,166	684,166	38,021	38,021	114,028	(76,007)	-67%	684,166
Transfers and subsidies - capital (in-kind)	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	755%	705,848
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	755%	705,848
Capital expenditure & funds sources									
Capital expenditure	536,075	627,331	627,331	34,703	34,896	104,555	(69,659)	-67%	627,331
Capital transfers recognised	504,592	594,927	594,927	32,851	33,044	99,154	(66,110)	-67%	594,927
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	31,484	32,404	32,404	1,852	1,852	5,401	(3,548)	-66%	32,404
Total sources of capital funds	536,075	627,331	627,331	34,703	34,896	104,555	(69,659)	-67%	627,331
Financial position									
Total current assets	2,967,797	3,027,796	3,027,796		3,457,071				3,027,796
Total non current assets	2,257,023	3,131,060	3,131,060		2,291,919				3,131,060
Total current liabilities	1,203,950	1,669,231	1,669,231		1,490,838				1,669,231
Total non current liabilities	1,177,512	442,927	442,927		1,177,512				442,927
Community wealth/Equity	2,833,214	4,046,698	4,046,698		3,080,640				4,046,698
Cash flows									
Net cash from (used) operating	506,637	753,802	753,802	(58,722)	210,682	125,634	(85,049)	-68%	753,802
Net cash from (used) investing	(524,082)	(721,431)	(721,431)	(34,703)	(34,896)	(120,238)	(85,342)	71%	(721,431)
Net cash from (used) financing	106	(16,688)	(16,688)	19	1,356	(2,781)	(4,137)	149%	(16,688)
Cash/cash equivalents at the month/year end	96,388	146,574	146,574	341,051	341,051	133,505	(207,546)	-155%	179,592
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	229,150	227,508	98,690	88,105	81,912	85,404	454,043	3,244,219	4,509,031
Creditors Age Analysis									
Total Creditors	188,103	141,305	135,435	176	—	8,686	116,059	906,567	1,496,330

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		1,770,560	1,815,862	1,815,862	103,782	406,755	302,644	104,111	34%	1,815,862
Executive and council		1,049,209	1,067,130	1,067,130	49,636	185,803	177,855	7,948	4%	1,067,130
Finance and administration		721,351	748,732	748,732	54,146	220,952	124,789	96,163	77%	748,732
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		52,398	46,152	46,152	2,741	5,017	7,692	(2,675)	-35%	46,152
Community and social services		12,453	12,888	12,888	396	699	2,148	(1,449)	-67%	12,888
Sport and recreation		3,217	2,910	2,910	138	296	485	(189)	-39%	2,910
Public safety		818	570	570	31	179	95	84	89%	570
Housing		31,910	29,708	29,708	2,175	3,843	4,951	(1,108)	-22%	29,708
Health		4,000	75	75	-	-	13	(13)	-100%	75
<i>Economic and environmental services</i>		21,781	23,377	23,377	2,417	3,002	3,896	(894)	-23%	23,377
Planning and development		8,200	9,207	9,207	2,261	2,516	1,535	981	64%	9,207
Road transport		13,581	14,170	14,170	156	486	2,362	(1,876)	-79%	14,170
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,619,577	2,020,883	2,020,883	151,582	300,207	336,814	(36,606)	-11%	2,020,883
Energy sources		984,262	1,305,623	1,305,623	97,682	198,348	217,604	(19,256)	-9%	1,305,623
Water management		387,287	448,093	448,093	31,500	58,666	74,682	(16,016)	-21%	448,093
Waste water management		141,634	157,774	157,774	12,793	24,336	26,296	(1,960)	-7%	157,774
Waste management		106,393	109,393	109,393	9,607	18,858	18,232	626	3%	109,393
<i>Other</i>	4	11,566	12,081	12,081	1,849	3,560	2,013	1,547	77%	12,081
Total Revenue - Functional	2	3,475,882	3,918,354	3,918,354	262,370	718,541	653,059	65,482	10%	3,918,354
Expenditure - Functional										
<i>Governance and administration</i>		805,135	756,026	756,026	96,319	138,836	126,004	12,832	10%	756,026
Executive and council		566,498	532,963	532,963	74,348	96,617	88,827	7,790	9%	532,963
Finance and administration		234,475	219,046	219,046	21,610	41,448	36,508	4,941	14%	219,046
Internal audit		4,162	4,017	4,017	361	771	670	102	15%	4,017
<i>Community and public safety</i>		195,831	219,901	219,901	16,013	30,533	36,650	(6,117)	-17%	219,901
Community and social services		48,397	52,711	52,711	3,700	7,200	8,785	(1,586)	-18%	52,711
Sport and recreation		63,434	66,957	66,957	5,647	9,892	11,159	(1,268)	-11%	66,957
Public safety		42,589	47,422	47,422	3,194	7,002	7,904	(902)	-11%	47,422
Housing		22,733	31,345	31,345	1,882	3,504	5,224	(1,720)	-33%	31,345
Health		18,679	21,467	21,467	1,589	2,935	3,578	(643)	-18%	21,467
<i>Economic and environmental services</i>		179,646	189,177	189,177	14,065	25,714	31,530	(5,816)	-18%	189,177
Planning and development		48,260	55,838	55,838	4,103	7,981	9,306	(1,326)	-14%	55,838
Road transport		130,479	132,364	132,364	9,885	17,583	22,061	(4,478)	-20%	132,364
Environmental protection		907	975	975	78	151	162	(12)	-7%	975
<i>Trading services</i>		1,878,985	2,016,320	2,016,320	247,032	271,769	424,768	(152,999)	-36%	2,016,320
Energy sources		1,239,137	1,303,951	1,303,951	184,817	191,614	306,793	(115,179)	-38%	1,303,951
Water management		439,992	445,043	445,043	36,891	42,597	73,691	(31,094)	-42%	445,043
Waste water management		117,220	158,834	158,834	14,613	21,893	26,202	(4,308)	-16%	158,834
Waste management		82,637	108,493	108,493	10,711	15,664	18,082	(2,418)	-13%	108,493
<i>Other</i>		25,000	31,081	31,081	2,441	4,263	5,180	(917)	-18%	31,081
Total Expenditure - Functional	3	3,084,597	3,212,506	3,212,506	375,870	471,115	624,132	(153,017)	-25%	3,212,506
Surplus/ (Deficit) for the year		391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	7.5534698	705,848

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description		Ref	2024/25	Budget Year 2025/26							
			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			1,049,209	1,067,130	1,067,130	49,636	185,803	177,855	7,948	4.5%	1,067,130
Vote 03 - Municipal Manager			2,759	2,305	2,305	-	-	384	(384)	-100.0%	2,305
Vote 04 - Corporate Services			6,263	6,110	6,110	526	530	1,018	(488)	-47.9%	6,110
Vote 05 - Community Services			149,002	148,586	148,586	10,597	22,425	24,764	(2,339)	-9.4%	148,586
Vote 06 - Financial Services			714,281	742,122	742,122	53,566	220,314	123,687	96,628	78.1%	742,122
Vote 07 - Strategy Econ Development And Planning			8,419	10,003	10,003	3,824	4,141	1,667	2,474	148.4%	10,003
Vote 08 - Infrastructure And Services			1,545,949	1,942,098	1,942,098	144,222	285,328	323,683	(38,355)	-11.8%	1,942,098
Vote 09 -			-	-	-	-	-	-	-		-
Vote 10 -			-	-	-	-	-	-	-		-
Vote 11 -			-	-	-	-	-	-	-		-
Vote 12 -			-	-	-	-	-	-	-		-
Vote 13 -			-	-	-	-	-	-	-		-
Vote 14 -			-	-	-	-	-	-	-		-
Vote 15 - Other			-	-	-	-	-	-	-		-
Total Revenue by Vote		2	3,475,882	3,918,354	3,918,354	262,370	718,541	653,059	65,482	10.0%	3,918,354
Expenditure by Vote		1									
Vote 01 - Executive & Council			57,033	61,221	61,221	4,571	9,088	10,203	(1,116)	-10.9%	61,221
Vote 02 - Municipal And General			495,206	464,832	464,832	68,245	85,162	77,472	7,690	9.9%	464,832
Vote 03 - Municipal Manager			29,886	30,614	30,614	2,660	4,624	5,102	(478)	-9.4%	30,614
Vote 04 - Corporate Services			73,335	81,513	81,513	6,259	12,093	13,586	(1,493)	-11.0%	81,513
Vote 05 - Community Services			320,158	363,848	363,848	30,421	53,136	60,641	(7,505)	-12.4%	363,848
Vote 06 - Financial Services			143,187	173,366	173,366	11,938	22,700	28,894	(6,194)	-21.4%	173,366
Vote 07 - Strategy Econ Development And Planning			55,692	76,090	76,090	4,891	8,534	12,682	(4,147)	-32.7%	76,090
Vote 08 - Infrastructure And Services			1,910,101	1,961,023	1,961,023	246,885	275,777	415,551	(139,774)	-33.6%	1,961,023
Vote 09 -			-	-	-	-	-	-	-		-
Vote 10 -			-	-	-	-	-	-	-		-
Vote 11 -			-	-	-	-	-	-	-		-
Vote 12 -			-	-	-	-	-	-	-		-
Vote 13 -			-	-	-	-	-	-	-		-
Vote 14 -			-	-	-	-	-	-	-		-
Vote 15 - Other			-	-	-	-	-	-	-		-
Total Expenditure by Vote		2	3,084,597	3,212,506	3,212,506	375,870	471,115	624,132	(153,017)	-24.5%	3,212,506
Surplus/ (Deficit) for the year		2	391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	755.3%	705,848

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description		Ref	2024/25	Budget Year 2025/26							
			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			942,441	1,218,923	1,218,923	95,551	194,033	203,154	(9,121)	-4%	1,218,923
Service charges - Water			312,941	362,722	362,722	24,848	45,075	60,454	(15,378)	-25%	362,722
Service charges - Waste Water Management			110,559	106,274	106,274	9,928	18,608	17,712	896	5%	106,274
Service charges - Waste management			83,147	73,593	73,593	7,472	14,584	12,265	2,319	19%	73,593
Sale of Goods and Rendering of Services			16,897	18,644	18,644	4,220	5,305	3,107	2,198	71%	18,644
Agency services			—	—	—	—	—	—	—	—	—
Interest			—	—	—	—	—	—	—	—	—
Interest earned from Receivables			166,017	142,100	142,100	15,430	30,762	23,683	7,078	30%	142,100
Interest from Current and Non Current Assets			21,841	18,000	18,000	350	(467)	3,000	(3,467)	-116%	18,000
Dividends			—	—	—	—	—	—	—	—	—
Rent on Land			—	—	—	—	—	—	—	—	—
Rental from Fixed Assets			32,057	29,740	29,740	2,197	3,887	4,957	(1,070)	-22%	29,740
Licence and permits			660	1,000	1,000	35	70	167	(97)	-58%	1,000
Special rating levies			—	—	—	—	—	—	—	—	—
Operational Revenue			3,152	3,383	3,383	247	486	564	(77)	-14%	3,383
Non-Exchange Revenue											
Property rates			687,339	717,920	717,920	53,012	218,300	119,653	98,647	82%	717,920
Surcharges and Taxes			—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits			36,851	34,743	34,743	680	2,310	5,790	(3,480)	-60%	34,743
Licence and permits			8,435	8,200	8,200	274	1,908	1,367	542	40%	8,200
Transfers and subsidies - Operational			313,411	323,676	323,676	534	126,252	53,946	72,306	134%	323,676
Interest			103,759	117,020	117,020	8,608	17,487	19,503	(2,016)	-10%	117,020
Fuel Levy			—	—	—	—	—	—	—	—	—
Operational Revenue			27,322	58,250	58,250	965	1,918	9,708	(7,790)	-80%	58,250
Gains on disposal of Assets			6,763	—	—	—	—	—	—	—	—
Other Gains			28,227	—	—	—	—	—	—	—	—
Discontinued Operations			—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)			2,901,820	3,234,188	3,234,188	224,350	680,520	539,031	141,489	26%	3,234,188
Expenditure By Type											
Employee related costs			884,420	1,004,532	1,004,532	71,186	139,939	167,422	(27,483)	-16%	1,004,532
Remuneration of councillors			33,794	37,083	37,083	2,781	5,524	6,181	(657)	-11%	37,083
Bulk purchases - electricity			901,045	1,000,000	1,000,000	154,510	154,510	258,000	(103,490)	-40%	1,000,000
Inventory consumed			281,395	331,852	331,852	23,451	31,294	55,309	(24,014)	-43%	331,852
Debt impairment			476,743	437,149	437,149	109,287	109,287	72,858	36,429	50%	437,149
Depreciation and amortisation			96,037	90,200	90,200	—	—	15,033	(15,033)	-100%	90,200
Interest			104,569	15,880	15,880	2	2	28	(26)	-93%	15,880
Contracted services			53,129	45,856	45,856	1,040	1,160	7,643	(6,483)	-85%	45,856
Transfers and subsidies			2,807	4,300	4,300	—	—	717	(717)	-100%	4,300
Irrecoverable debts written off			—	—	—	2	2	—	2	#DIV/0!	—
Operational costs			151,187	176,654	176,654	13,611	29,397	29,442	(45)	0%	176,654
Losses on Disposal of Assets			4,924	—	—	—	—	—	—	—	—
Other Losses			94,546	69,000	69,000	—	—	11,500	(11,500)	-100%	69,000
Total Expenditure			3,084,597	3,212,506	3,212,506	375,870	471,115	624,132	(153,017)	-25%	3,212,506
Surplus/(Deficit)			(182,777)	21,682	21,682	(151,520)	209,405	(85,101)	294,506	(0)	21,682
Transfers and subsidies - capital (monetary allocations)			574,062	684,166	684,166	38,021	38,021	114,028	(76,007)	(0)	684,166
Transfers and subsidies - capital (in-kind)			—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions			391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	0	705,848
Income Tax			—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax			391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	0	705,848
Share of Surplus/Deficit attributable to Joint Venture			—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities			—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality			391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	0	705,848
Share of Surplus/Deficit attributable to Associate			—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions			—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year			391,285	705,848	705,848	(113,500)	247,426	28,927	218,499	0	705,848

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2024/25	Budget Year 2025/26							
		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		2,214	1,739	1,739	-	-	290	(290)	-100%	1,739
Vote 03 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 04 - Corporate Services		-	-	-	-	-	-	-		-
Vote 05 - Community Services		3,043	6,579	6,579	-	-	1,097	(1,097)	-100%	6,579
Vote 06 - Financial Services		-	-	-	-	-	-	-		-
Vote 07 - Strategy Econ Development And Planning		143	3,130	3,130	1,070	1,070	522	549	105%	3,130
Vote 08 - Infrastructure And Services		509,323	524,952	524,952	25,227	25,420	87,492	(62,072)	-71%	524,952
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	514,722	536,400	536,400	26,297	26,490	89,400	(62,910)	-70%	536,400
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-		-
Vote 02 - Municipal And General		16,951	19,826	19,826	-	-	3,304	(3,304)	-100%	19,826
Vote 03 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 04 - Corporate Services		-	-	-	-	-	-	-		-
Vote 05 - Community Services		2,014	5,217	5,217	5,217	5,217	870	4,347	500%	5,217
Vote 06 - Financial Services		-	870	870	-	-	145	(145)	-100%	870
Vote 07 - Strategy Econ Development And Planning		1,518	7,361	7,361	-	-	1,227	(1,227)	-100%	7,361
Vote 08 - Infrastructure And Services		871	57,657	57,657	3,189	3,189	9,610	(6,420)	-67%	57,657
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	21,353	90,931	90,931	8,406	8,406	15,155	(6,749)	-45%	90,931
Total Capital Expenditure		536,075	627,331	627,331	34,703	34,896	104,555	(69,659)	-67%	627,331
Capital Expenditure - Functional Classification										
Governance and administration		19,165	22,435	22,435	-	-	3,739	(3,739)	-100%	22,435
Executive and council		19,165	21,565	21,565	-	-	3,594	(3,594)	-100%	21,565
Finance and administration		-	870	870	-	-	145	(145)	-100%	870
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		5,056	11,797	11,797	5,217	5,217	1,966	3,251	165%	11,797
Community and social services		3,043	11,797	11,797	5,217	5,217	1,966	3,251	165%	11,797
Sport and recreation		2,014	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		38,159	17,913	17,913	2,142	2,335	2,986	(650)	-22%	17,913
Planning and development		1,415	7,043	7,043	1,070	1,070	1,174	(104)	-9%	7,043
Road transport		36,744	10,870	10,870	1,072	1,265	1,812	(547)	-30%	10,870
Environmental protection		-	-	-	-	-	-	-		-
Trading services		473,450	571,739	571,739	27,344	27,344	95,290	(67,946)	-71%	571,739
Energy sources		8,503	30,000	30,000	2,997	2,997	5,000	(2,003)	-40%	30,000
Water management		444,716	499,565	499,565	23,565	23,565	83,261	(59,696)	-72%	499,565
Waste water management		20,231	42,174	42,174	782	782	7,029	(6,247)	-89%	42,174
Waste management		-	-	-	-	-	-	-		-
Other		246	3,448	3,448	-	-	575	(575)	-100%	3,448
Total Capital Expenditure - Functional Classification	3	536,075	627,331	627,331	34,703	34,896	104,555	(69,659)	-67%	627,331
Funded by:										
National Government		504,592	594,927	594,927	32,851	33,044	99,154	(66,110)	-67%	594,927
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		-	-	-	-	-	-	-		-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-		-
Transfers recognised - capital		504,592	594,927	594,927	32,851	33,044	99,154	(66,110)	-67%	594,927
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		31,484	32,404	32,404	1,852	1,852	5,401	(3,548)	-66%	32,404
Total Capital Funding		536,075	627,331	627,331	34,703	34,896	104,555	(69,659)	-67%	627,331

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		163,909	146,574	146,574	353,812	146,574
Trade and other receivables from exchange transactions		1,517,568	1,518,421	1,518,421	1,552,066	1,518,421
Receivables from non-exchange transactions		993,234	1,060,605	1,060,605	1,121,877	1,060,605
Current portion of non-current receivables		–	–	–	–	–
Inventory		107,239	112,013	112,013	116,888	112,013
VAT		175,145	189,484	189,484	311,737	189,484
Other current assets		704	699	699	690	699
Total current assets		2,957,797	3,027,796	3,027,796	3,457,071	3,027,796
Non current assets						
Investments						
Investment property		197,016	205,599	205,599	198,086	205,599
Property, plant and equipment		2,006,820	2,873,339	2,873,339	2,040,646	2,873,339
Biological assets						
Living and non-living resources						
Heritage assets		12,071	13,480	13,480	12,071	13,480
Intangible assets		41,117	38,642	38,642	41,117	38,642
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		2,257,023	3,131,060	3,131,060	2,291,919	3,131,060
TOTAL ASSETS		5,214,820	6,158,856	6,158,856	5,748,990	6,158,856
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	(16,688)	(16,688)	–	(16,688)
Consumer deposits		50,445	49,962	49,962	52,810	49,962
Trade and other payables from exchange transactions		896,576	1,191,824	1,191,824	853,709	1,191,824
Trade and other payables from non-exchange transactions		4,712	106,409	106,409	305,329	106,409
Provision		788	788	788	788	788
VAT		251,429	336,936	336,936	278,202	336,936
Other current liabilities		–	–	–	–	–
Total current liabilities		1,203,950	1,669,231	1,669,231	1,490,838	1,669,231
Non current liabilities						
Financial liabilities		860,485	139,019	139,019	860,485	139,019
Provision		317,027	303,908	303,908	317,027	303,908
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		1,177,512	442,927	442,927	1,177,512	442,927
TOTAL LIABILITIES		2,381,462	2,112,158	2,112,158	2,668,350	2,112,158
NET ASSETS	2	2,833,358	4,046,698	4,046,698	3,080,640	4,046,698
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		2,758,410	3,971,894	3,971,894	3,005,836	3,971,894
Reserves and funds		74,804	74,804	74,804	74,804	74,804
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	2,833,214	4,046,698	4,046,698	3,080,640	4,046,698

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M02 August


Description	Ref	2024/25	Budget Year 2025/26							
		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		468,755	610,232	610,232	35,729	70,469	101,705	(31,236)	-31%	610,232
Service charges		1,254,565	1,891,008	1,891,008	97,748	197,765	315,168	(117,403)	-37%	1,891,008
Other revenue		1,084,783	421,814	421,814	27,552	219,900	70,302	149,598	213%	421,814
Transfers and Subsidies - Operational		308,416	323,676	323,676	5,311	130,814	53,946	76,868	142%	323,676
Transfers and Subsidies - Capital		574,597	684,166	684,166	300,550	338,046	114,028	224,018	196%	684,166
Interest		29,685	46,525	46,525	2,601	4,201	7,754	(3,553)	-46%	46,525
Dividends								-		
Payments										
Suppliers and employees		(3,216,284)	(3,207,739)	(3,207,739)	(528,212)	(751,719)	(534,623)	217,096	-41%	(3,207,739)
Interest		2,121	(15,880)	(15,880)	-	1,207	(2,647)	(3,853)	146%	(15,880)
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		506,637	753,802	753,802	(58,722)	210,682	125,634	(85,049)	-68%	753,802
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		7,131	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(531,212)	(721,431)	(721,431)	(34,703)	(34,896)	(120,238)	(85,342)	71%	(721,431)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(524,082)	(721,431)	(721,431)	(34,703)	(34,896)	(120,238)	(85,342)	71%	(721,431)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		106	-	-	19	1,356	-	1,356	#DIV/0!	-
Payments										
Repayment of borrowing		-	(16,688)	(16,688)	-	-	(2,781)	(2,781)	100%	(16,688)
NET CASH FROM/(USED) FINANCING ACTIVITIES		106	(16,688)	(16,688)	19	1,356	(2,781)	(4,137)	149%	(16,688)
NET INCREASE/ (DECREASE) IN CASH HELD		(17,338)	15,684	15,684	(93,406)	177,142	2,614			15,684
Cash/cash equivalents at beginning:		113,726	130,891	130,891	434,457	163,909	130,891			163,909
Cash/cash equivalents at month/year end:		96,388	146,574	146,574	341,051	341,051	133,505			179,592

The BTO made a concerted effort to align the Cash and equivalents of A6 and A7 for the Adjustment 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 R353,812 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		Aug'25	
National Financial Year		2025/26	
Demarcation Code of Municipality being assessed		NC091	
District		Frances Baard	
Demarcation Description		Sol Plaatje	
<p>I, Mr. K Bogacwi, 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)			
<i>Choose from drop down list</i>			
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):		
6.12			
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 ?	Yes
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)? 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).	No
5	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://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)		
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
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
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
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)? Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.	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

The municipality made a payment of R16,769 million on 29 August 2025 towards the March 2025 account. The invoice for July 2025 amounted to R21,434 million is still outstanding.

The municipality made a total payment of R152,830 million during the month of August 2025. The following accounts are settled in full August 2024, January, April and May 2025. Partial payment of R30,000 million was made towards the July 2025 current account. The invoice for July 2025 amounting to R146,873 million including interest of R5,424 million.

	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? 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.	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? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.	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 mSCO data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter	
		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.		
	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 and 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	Smart meter project is completed. YTD installations till end of 31 March 2025 = 15,328
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? 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	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://luploadportal.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://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		<i>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:</i>	
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="Yes"/>
<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>			

PT: HOD/ NT / MM Name:

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 August 2025.

Monthly Performance Report																																																		
Municipal Details			Part A								Part B				Part C		Part D				Part E								Part F								Scoring and Rating													
			Eskom And Bulk water current account								Compliance with a funded MTRF				FRP/BFP & Twer Assessment		Electricity and water as collection tools				Quarterly collection of property rates and services charges								Maximization of Revenue Base																					
																					Oversight																													
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							
26 July 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
26 August 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
27 September 25	Sol Plaatje	NC091																																																
28 October 25	Sol Plaatje	NC091																																																
29 November 25	Sol Plaatje	NC091																																																
30 December 25	Sol Plaatje	NC091																																																
31 January 26	Sol Plaatje	NC091																																																
32 February 26	Sol Plaatje	NC091																																																
13 March 26	Sol Plaatje	NC091																																																
34 April 26	Sol Plaatje	NC091																																																
15 May 26	Sol Plaatje	NC091																																																
36 June 26	Sol Plaatje	NC091																																																
37 July 26	Sol Plaatje	NC091																																																
38 August 26	Sol Plaatje	NC091																																																
39 September 26	Sol Plaatje	NC091																																																
40 October 26	Sol Plaatje	NC091																																																
41 November 26	Sol Plaatje	NC091																																																

The overall performance for the month under review stood at 90% compliance. 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 affects the percentage achieved. These are the major factors that negatively influenced the performance for the month under review.

- ❖ The partial payment on the current account of Eskom and DWS.
- ❖ The municipality could not settle the Eskom payment arrangement instalment of R6.7 million which was due at the end of August 2025. The municipality should have settled the arrear debt due to DWS by the end of January 2025.
- ❖ Revenue collection must remain a key focus point. For the first cycle of the Debt relief, the required collection rate was 85% and from the second cycle it should be at 95%. The average collection rate calculated by the municipality is standing at 77% for the month of August 2025, is not at a desired level, and below 95%, for the second cycle 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 51%, below 95% for the second cycle as well. The collection rate is distorted due to the annual billing on Property rates. 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.
- ❖ 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. The project is now complete, and no new meters were installed since April 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 July 2025 is attached to this S71 report.

Here are the specific high-level recommendations for July 2025 according to the non-compliance report:

1. Strengthen Revenue Collection and Credit Control

The municipality must urgently improve its collection rate from the current 34 percent toward the required 95 percent threshold. This requires:

- Implementing a consolidated billing system to ensure partial payments are allocated across all revenue streams (rates, water, sanitation, refuse, and electricity).
- Consistently enforcing disconnections and water restrictions for non-payment, with no selective application.
- Introducing real-time monitoring of collection performance by ward, reported to Council and Treasury stakeholders.
- Enforcing the free basic service limits of 50 kWh electricity and 6 kL water for indigent households.

2. Resolve Eskom and Water Board Arrears through Structured Repayment

Eskom arrears remain the municipality's most critical financial liability. A Council-approved repayment plan is needed that is:

- Credible, time-bound, and linked to realistic revenue flows.
- Supported by Council resolutions and formally submitted to Provincial and National Treasury.
- Monitored monthly through reconciliations and proof of payments uploaded to GoMuni. This will demonstrate financial discipline and safeguard eligibility for future phases of debt relief.

3. Strengthen Council Oversight and Governance Accountability

Weak political oversight continues to undermine programme implementation. To correct this, the Council should:

- Table debt relief compliance reports as standing agenda items.
- Adopt binding resolutions on arrears repayment, credit control enforcement, and financial recovery strategies.
- Establish a dedicated sub-committee to monitor progress on debt relief and financial management reforms.
- Visible political leadership is critical to restoring institutional credibility and reinforcing accountability.

4. Align Budget Assumptions with Realistic Cash Flows

While the 2025/26 MTREF is technically funded, its credibility is weak due to overstated revenues and under-provisioned costs. The municipality should:

- Adjust collection assumptions to reflect actual performance.
- Increase debt impairment provisions to align with Treasury estimates.
- Revise indigent support allocations to fully utilise the equitable share.
- Ringfence sufficient funds for bulk payments to Eskom and Water Boards. This will strengthen budget realism and reduce fiscal risk.

5. Implement Cost-Reflective Tariffs Across All Trading Services

All four trading services—water, sanitation, electricity, and solid waste—are significantly underfunded. The municipality must:

- Review tariffs using the National Treasury tariff tool.

- Phase in cost-reflective adjustments while protecting vulnerable groups through targeted subsidies.
- Prioritise loss reduction in water and electricity through improved metering, monitoring, and enforcement.
- Failure to implement cost-reflective tariffs will entrench service underfunding and jeopardise financial recovery.

6. Enhance Risk Management and Reporting

Given the high financial risk exposure, particularly in relation to Eskom arrears, the municipality should:

- Task the Risk Manager with preparing quarterly risk reports covering financial, operational, and governance risks.
- Ensure risk mitigation strategies are clearly defined and aligned with Council resolutions.
- Integrate risk reporting into compliance monitoring and oversight structures. This will embed risk awareness into governance and improve the municipality's resilience.

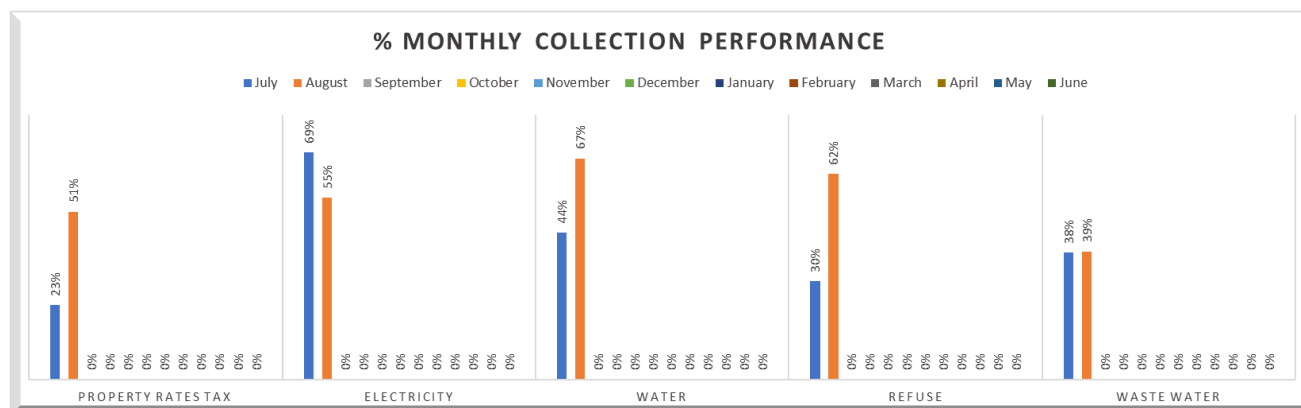
7. Institutionalise Compliance through Monitoring and Transparency

Compliance reporting must translate into operational improvement. To achieve this, the municipality should:

- Upload all mSCOA data, reconciliations, and supporting documents (bank statements, proof of payments, indigent registers) to GoMuni each month.
- Develop an internal compliance dashboard to track progress against debt relief conditions.
- Regularly brief Council, Provincial Treasury, and communities on progress to reinforce trust and accountability. This will institutionalise transparency, strengthen stakeholder confidence, and protect continued access to debt relief.

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	July	34

Collection Rate Assessment																			
Aggregate Collection		Summary - Quarter 1				Summary - Quarter 2				Summary - Quarter 3				Summary - Quarter 4				Q1	
		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		510,232,422	207,014,465	303,217,957	41%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
2. Collection gas/Eskom supplied areas		438,993,225	191,548,093	247,445,132	44%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
3. Collection: Property Rates		218,811,845	72,987,955	145,823,889	33%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
4. Total average collection: Electricity (Municipal supplied areas)		137,257,260	89,682,652	47,574,708	65%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
5. Total average collection: Water		59,807,788	24,931,927	34,875,861	42%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
6. Total average collection: Wastewater		25,698,142	9,368,385	17,341,756	37%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
7. Total average collection: Refuse		19,614,887	7,528,921	12,085,966	38%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		
8. Total average collection: Interest		49,042,000	3,526,721	45,515,279	7%	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		

Description	Jun-25	Jul-25	Aug-25
Monthly collection rate (Property rates and Services)	57%	71%	39%
Revised average collection rate (SPLM)	77%	47%	77%
Collection rate per Ward (Monthly)	60%	34%	51%
Collection rate per Ward (Quarterly)	66%	-	-

The monthly collection rate per ward is a major concern and it not at a desired level. This has improved for the month under review from 34% to 51%. The collection rate for July 2025 is distorted, due to the annual billing on Property rates. The average collection rate calculated by the municipality for August 2025 is 77%, 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 95% collection rate for the second cycle of the municipal debt relief.

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 electricity meters and disconnecting conventional electricity 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														
Total Aggregate Collection		1.July - Reporting for June in July				2.August - Reporting for July in August				Summary - Quarter 1				Q1
		Billing For June	Collection in July	R - Billing not collected	% Collection	Billing For July	Collection in August	R - Billing not collected	% Collection	Billing	Collection	R - Billing not collected	% Collection	
1.Collection for whole demarcation	Summary	309,914,761	105,156,963	204,757,798	34%	200,317,661	101,857,502	98,460,159	51%	510,232,422	207,014,465	303,217,957	41%	41%
2.Collection excd Eskom supplied areas		265,114,892	95,790,874	170,484,782	36%	173,835,333	95,758,220	82,916,124	55%	438,950,225	191,549,093	247,401,132	44%	44%
3.Collection: Property Rates		165,386,155	37,220,943	128,165,212	23%	53,425,690	35,767,013	17,658,677	67%	218,811,845	72,987,956	145,823,888	33%	33%
4.Total average collection: Electricity (Municipal supplied areas)		65,905,877	45,324,609	20,581,268	69%	71,351,383	44,357,944	26,993,440	62%	137,257,260	89,682,552	47,574,708	65%	65%
5.Total average collection: Water		30,326,717	13,490,487	16,836,230	44%	29,481,072	11,441,441	18,039,631	39%	59,807,788	24,931,927	34,875,861	42%	42%
6.Total average collection: Wastewater		13,465,381	4,010,771	9,454,611	30%	12,232,761	4,345,616	7,887,145	36%	25,698,142	8,356,386	17,341,756	33%	33%
7.Total average collection: Refuse		9,982,799	3,841,034	6,141,765	38%	9,632,088	3,687,888	5,944,200	38%	19,614,887	7,528,921	12,085,966	38%	38%
8. 7.Total average collection: Interest		24,847,833	1,269,120	23,578,713	5%	24,194,667	2,257,601	21,937,066	9%	49,042,500	3,526,721	45,515,779	7%	

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 August 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.



Municipal Debt Relief - Monthly Reporting - Indigent Households Information (MFMA Circular 124 (Condition 6.6))

Instruction - complete only with information of the current households registered as indigent with the municipality (Do NOT include the information of all households unless explicitly stated otherwise)

Description	Ref	As Per Debt Relief Application		Current Year - 2025/2026		2025/2026 - 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 HHs with piped water inside dwelling		7,390	11,800	11,800	11,800	7,659	7,518														
Indigent HHs with piped water inside yard (but not in dwelling)																					
Indigent HHs using public tap (at least min.service level)	2																				
Indigent HHs with other water supply (at least min.service level)	4																				
Total no. of indigent HHs receiving Minimum Service Level and Above sub-total	3	7,390	11,800	11,800	11,800	7,659	7,518	--	--	--	--	--	--	--	--	--	--				
Indigent HHs using public tap (< min.service level)	3																				
Indigent HHs with other water supply (< min.service level)	4																				
Indigent HHs with No water supply																					
Total no. of indigent HHs receiving - Below Minimum Service Level sub-total	5	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Total number of registered indigent households		7,390	11,800	11,800	11,800	7,659	7,518														
Status of Water meters:																					
Number of Indigent HHs with prepaid Water																					
Number of Indigent HHs with conventional metered Water		7,390	11,800	11,800	11,800	7,659	7,518														
Number of Indigent HHs NOT metered currently - Water																					
Number of Indigent HHs with NO Water supply - No metering		--	--	--	--	--	--														
Total number of registered indigent households	10	7,390	11,800	11,800	11,800	7,659	7,518	--	--	--	--	--	--	--	--	--	--				
Status of unlimited supply of Water:																					
Number of Indigent HHs 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 HHs 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 HHs billed for consumption above the 6 kilolitres	11																				
Energy: (Include All Indigent households also in Eskom supplied areas)																					
Indigent HHs with Electricity (at least min.service level)																					
Indigent HHs with Electricity - prepaid (min.service level)																					
Total no. of indigent HHs receiving Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Indigent HHs with Electricity (< min.service level)																					
Indigent HHs with Electricity - prepaid (< min. service level)																					
Indigent HHs with other energy sources																					
Total no. of indigent HHs receiving - Below Minimum Service Level sub-total	5	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Total number of registered indigent households		--	--	--	--	--	--														
Status of Electricity meters:																					
Number of Indigent HHs with prepaid Electricity		7,390	11,800	11,800	11,800	6,899	6,793														
Number of Indigent HHs with conventional metered Electricity																					
Number of Indigent HHs NOT metered currently - Electricity		--	--	--	--	--	--														
Number of indigent HHs with other energy sources - No metering	12	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Total number of registered indigent households		7,390	11,800	11,800	11,800	6,899	6,793	--	--	--	--	--	--	--	--	--	--				
Status of unlimited supply of Electricity:																					
Number of Indigent HHs with conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month																					
Number of Indigent HHs 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 HHs billed for consumption above the 50 kwh	13																				
Number of ALL Households receiving Free Basic Service (including registered Indigent Households)	7																				
Water (6 kilolitres per household per month)		7,390	11,800	11,800	11,800	7,659	7,518														
Electricity/other energy (50kwh per household per month)		7,390	11,800	11,800	11,800	6,899	6,793														
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																					
Water (6 kilolitres per household per month)		10,000,000	8,000,000	8,000,000	8,000,000	258,044	275,513														
Electricity/other energy (50kwh per household per month)		12,000,000	13,000,000	13,000,000	13,000,000	884,716	18,128														
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	22,000,000	21,000,000	21,000,000	21,000,000	1,142,760	293,641	--	--	--	--	--	--	--	--	--	--				
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														
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		37,240,000	36,400,000	36,400,000	36,400,000	641,608	591,385														
Water (in excess of 6 kilolitres per indigent household per month)	15	21,500,000	20,000,000	20,000,000	20,000,000	--	766,241														
Sanitation (in excess of free sanitation service to indigent households)	16	3,400,000	3,500,000	3,500,000	3,500,000	--	--														
Electricity/other energy (in excess of 50 kwh per indigent household per month)		41,000,000	41,000,000	41,000,000	41,000,000	--	1,756,506														
Refuse (in excess of one removal a week for indigent households)		4,400,000	4,800,000	4,800,000	4,800,000	--	126,511														
Municipal Housing - rental rebates																					
Housing - top structure subsidies																					
Other	6																				
Total revenue cost of subsidised services provided		107,540,000	105,700,000	105,700,000	105,700,000	641,608	3,240,643	--	--	--	--	--	--	--	--	--	--				

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

GV Reconciliation Summary						
Province	NC					
District	Frances Baard District					
Type	LM					
Municipal Name	Sol Plaatje					
GV Period	01/07/2023 - 30/06/2028					
Financial Year	2024/2025					
Reconciliation Period	Quarter 4					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	51050	51050	0	24,232,453,603	24,232,453,603	-
Industrial	203	203	0	804,240,000	804,240,000	-
Business and Commercial	2326	2326	0	7,564,982,001	7,564,982,001	-
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	451	451	0	149,996,000	149,996,000	-
PBO	198	198	0	510,111,001	510,111,001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	239	239	0	607,129,000	607,129,000	-
Municipal	9301	9301	0	1,579,188,503	1,579,188,503	-
Other	0	0	0	-	-	-
Total	64,344	64,344	-	40,662,573,208	40,662,573,208	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	24,492,952	22,941,019	1,551,933	24,492,952	23,071,998	1,420,955
Industrial	2,438,657	2,316,095	122,562	2,438,657	2,383,107	55,550
Business and Commercial	22,938,917	20,847,215	2,091,702	22,938,917	20,983,704	1,955,212
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	-	-	-	-	0	0
Total	61,508,731	50,368,270	11,140,461	61,508,731	50,685,097	10,823,634

Properties reconciliation

After populating the GVR Reconciliation for the fourth 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.

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. 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.

i) Indicated below is the Eskom Bulk invoice for July 2025 which was due and payable during the month of reporting, on or before 1 September 2025.

- ii) Indicated below is the municipality's proof of payment of the Eskom Bulk account payments for the month of August 2025. The total payments made by the municipality amounted to R152 million.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

22/08/2025

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATA011989

CHEQUE/ELE NO: 77074113

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/09/2024	SUN	544999564583	6.97		4.55	1.52
02/09/2024	SUN	544999564583	154610.92		0.00	154610.92
02/09/2024	SUN	544999564583/2	-58260869.57		-8739130.43	-67000000.00
02/09/2024	SUN	544999564583	-4347826.09		-652173.91	-5000000.00

SUB TOTAL: 7232130.21 55600942.44
7232130.21 55600942.44

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

22/08/2025

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATA012584

CHEQUE/ELE NO: 77074114

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/02/2025	SUN	544918062844	64220268.17		9633040.22	73853308.39
02/02/2025	SUN	544918062844	1878529.97		0.00	1878529.97
02/02/2025	SUN	544918062844	-21739130.43		-3260869.57	-25000000.00
02/02/2025	SUN	544918062844	-42481137.73		-6372170.66	-48853308.39

SUB TOTAL: -0.01 1878529.97
-0.01 1878529.97

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

25/08/2025

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATA012981

CHEQUE/ELE NO: 77074121

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/05/2025	SUN	544365387569	57608082.46		8641212.37	66249294.83
02/05/2025	SUN	544365387569	1809020.57		0.00	1809020.57
02/05/2025	SUN	54465387569	-26086956.52		-3913043.48	-30000000.00

SUB TOTAL: 4728168.89 38058315.40
4728168.89 38058315.40

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

26/08/2025

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATA013173

CHEQUE/ELE NO: 77074130

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/06/2025	SUN	544845772648	-8695652.17		-1304347.83	-10000000.00
02/06/2025	SUN	544845772648	2094272.25		0.00	2094272.25
02/06/2025	SUN	544845772648	-34782608.70		-5217391.30	-40000000.00
02/06/2025	SUN	544845772648	65389517.39		9808427.61	75197945.00

SUB TOTAL: 3286688.48 27292217.25

3286688.48 27292217.25

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

29/08/2025

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATA013458

CHEQUE/ELE NO: 77074200

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/08/2025	SUN	544573733354/01	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:

The payment arrangement of R6,700 million 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 M02 – Aug 2025 pertaining to electricity.

	2026	
	M02	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Deposits	-183,802,358	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	154,510,286	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	5,248,843	159,759,129
Expenditure:Bulk Purchases:Electricity:ESKOM	154,510,286	

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

Datastrings & FMS Recon - Aug 2025 M02	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
BULK PURCHASES:ELECTRICITY:ESKOM	234,186,100.78	79,675,815.12	154,510,285.66	Bulk Purchases vote reconciles to datastrings
Combined vouchers	26,794,429.30	26,794,429.30	-	
Cheque 77074151 Deleted	-	26,794,429.30	- 26,794,429.30	Erroneous payment that was deleted
Cheque No : 77074151 Bank No : 901	26,794,429.30	-	26,794,429.30	
Sundry Accruals	181,304,714.96	-	181,304,714.96	
Cheque 77074151 Deleted	26,794,429.30	-	26,794,429.30	
Sundry CATA013437	128,423,329.14	-	128,423,329.14	Authorised invoice for July 2025
Sundry CATA013458	26,086,956.52	-	26,086,956.52	
Sundry Accruals Reversals	-	52,881,385.82	- 52,881,385.82	
Cheque No : 77074151 Bank No : 901	-	26,794,429.30	- 26,794,429.30	
Cheque No : 77074200 Bank No : 901	-	26,086,956.52	- 26,086,956.52	
Sundry Payments	26,086,956.52	-	26,086,956.52	
Cheque No : 77074200 Bank No : 901	26,086,956.52	-	26,086,956.52	Payment of R30 million
Grand Total	234,186,100.78	79,675,815.12	154,510,285.66	

Datastrings & FMS Recon - Aug 2025 M02	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
ELECTRICITY BULK PURCH ACC 01:WITHDRAWAL	215,293,064.13	55,533,935.66	159,759,128.47	Withdrawal vote reconciles to datastrings
Create Cheque 77073750 Voucher No CATA010275	25,533,935.66	-	25,533,935.66	Error that was corrected
Create Cheque 77073833 Voucher No DUNA008482	198,502.20	-	198,502.20	
Create Cheque 77073834 Voucher No DUNA008483	347,856.43	-	347,856.43	
Create Cheque 77074016 Voucher No CATA013412	14,758.88	-	14,758.88	
Create Cheque 77074097 Voucher No CATA013417	21,782.10	-	21,782.10	Minor Eskom account payments
Create Cheque 77074098 Voucher No CATA013419	6,100.78	-	6,100.78	
Create Cheque 77074099 Voucher No CATA013420	33,508.29	-	33,508.29	
Create Cheque 77074100 Voucher No CATA013421	100,254.90	-	100,254.90	
Create Cheque 77074113 Voucher No CATA011989	55,600,942.44	-	55,600,942.44	
Create Cheque 77074114 Voucher No CATA012584	1,878,529.97	-	1,878,529.97	Payments on bulk Eskom account
Create Cheque 77074121 Voucher No CATA012981	38,058,315.40	-	38,058,315.40	
Create Cheque 77074130 Voucher No CATA013173	27,292,217.25	-	27,292,217.25	
Create Cheque 77074135 Voucher No CATA013418	6,047,274.23	-	6,047,274.23	Riverton account payment
Create Cheque 77074136 Voucher No CATA013436	19,809.07	-	19,809.07	Minor Eskom account payments
Create Cheque 77074151 Voucher No CATZ000003	30,000,000.00	-	30,000,000.00	Payments on bulk Eskom account
Create Cheque 77074199 Voucher No CATA013457	139,276.53	-	139,276.53	
Create Cheque 77074200 Voucher No CATA013458	30,000,000.00	-	30,000,000.00	Erroneous payment that was deleted
ESKOM CANCELLED ELE 77073750	-	25,533,935.66	- 25,533,935.66	Error that was corrected
ESKOM HOLDINGS	-	30,000,000.00	- 30,000,000.00	Erroneous payment that was deleted
ELECTRICITY BULK PURCHASE ACC 01:DEPOSIT	96,929,123.41	280,731,481.63	-183,802,358.22	Deposits vote reconciles to datastrings
Create Cheque 77073833 Voucher No DUNA008482	198,502.20	198,502.20	-	
Create Cheque 77073834 Voucher No DUNA008483	347,856.43	347,856.43	-	
Create Cheque 77074016 Voucher No CATA013412	14,758.88	14,758.88	-	
Create Cheque 77074097 Voucher No CATA013417	21,782.10	21,782.10	-	
Create Cheque 77074098 Voucher No CATA013419	6,100.78	6,100.78	-	
Create Cheque 77074099 Voucher No CATA013420	33,508.29	33,508.29	-	
Create Cheque 77074100 Voucher No CATA013421	100,254.90	100,254.90	-	
Create Cheque 77074135 Voucher No CATA013418	6,047,274.23	6,047,274.23	-	
Create Cheque 77074136 Voucher No CATA013436	19,809.07	19,809.07	-	
Create Cheque 77074151 Voucher No CATZ000003	30,000,000.00	30,000,000.00	-	
Create Cheque 77074199 Voucher No CATA013457	139,276.53	139,276.53	-	
Create Cheque 77074200 Voucher No CATA013458	30,000,000.00	30,000,000.00	-	
ESKOM HOLDINGS	30,000,000.00	30,000,000.00	-	
Sundry CATA013412 Creditor Control	-	14,758.88	- 14,758.88	
Sundry CATA013417 Creditor Control	-	21,782.10	- 21,782.10	
Sundry CATA013418 Creditor Control	-	6,047,274.23	- 6,047,274.23	
Sundry CATA013419 Creditor Control	-	6,100.78	- 6,100.78	
Sundry CATA013420 Creditor Control	-	33,508.29	- 33,508.29	
Sundry CATA013421 Creditor Control	-	100,254.90	- 100,254.90	
Sundry CATA013436 Creditor Control	-	19,809.07	- 19,809.07	
Sundry CATA013437 Creditor Control	-	146,873,234.81	-146,873,234.81	
Sundry CATA013457 Creditor Control	-	139,276.53	- 139,276.53	
Sundry CATA013458 Creditor Control	-	30,000,000.00	- 30,000,000.00	
Sundry DUNA008482 Creditor Control	-	198,502.20	- 198,502.20	
Sundry DUNA008483 Creditor Control	-	347,856.43	- 347,856.43	
Grand Total	312,222,187.54	336,265,417.29	- 24,043,229.75	

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.
- The system has been updated to provide for partial payments
- 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.

- i) The DWS current account for July 2025 amounted to R21,433,972.20 which was due and payable on or before the 1 September 2025.

Page 1 of 1

NWRI Customer Ref no: 60005150
 Customer No: 25014305
 Contract Acc. No: 100478320
 Document No: 412703352
 Document Date: 31.07.2025
 Payment Terms: 30 Days
 Due Date: 01.09.2025
 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

R335 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/EA Registered/Consumed	Unit Price (c/m3/EA)	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:13004,851.00 Water Use Period: 01.07.2025 to 31.07.2025				
	Consumptive (O&M)	3,378,685.00	38.68	1,306,875.36
	Consumptive (ROA)	3,378,685.00	34.37	1,161,254.03
	Consumptive (Depr)	3,378,685.00	20.22	683,170.11
	TCTA (AMD)	3,378,685.00	8.45	285,498.88
	TCTA (LHWP)	3,378,685.00	443.20	14,974,331.92
	Plus 15.00% VAT			2,761,669.55
	Subtotal			21,172,799.85
	WRL(0%VAT)	3,378,685.000	7.73	261,172.35
	WRL(0%VAT)	0.000	0.00	0.00
	Total Charges			21,433,972.20

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.

- ii) Indicated below, is the DWS Bulk current invoice for August 2025, which is due and payable, on or before 30 September 2025.

Page 1 of 1

NWRI Customer Ref no: 60005150
 Customer No: 25014305
 Contract Acc. No: 100478320
 Document No: 412713165
 Document Date: 31.08.2025
 Payment Terms: 30 Days
 Due Date: 30.09.2025
 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

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: Property Number: Registration Division: Portion Number: Title Deed: Water Use Details: WMA: VAAL; Legal Sector Code: 21A Tk water fr a water resource; Water Use Sector: D&I WATER SUPPLY SERVICE Water Source Type: SCHEME;				
Contract No: 10087405 (25014305/13)				
Water Use Period: 01.08.2025 to 31.08.2025				
	Consumptive (O&M)	2342,083.00	38.68	905,917.70
	Consumptive (ROA)	2342,083.00	34.37	804,973.93
	Consumptive (Depr)	2342,083.00	20.22	473,569.18
	TCTA (AMD)	2342,083.00	8.45	197,906.01
	TCTA (LHWP)	2342,083.00	443.20	10,380,111.86
	Plus 15.00% VAT			1,914,371.80
	Subtotal			14,676,850.48
	WRL	2342,083.00	8.08	189,240.31
	Total Charges			14,866,090.79

- iii) Indicated below, is the municipality's proof of payment for the DWS arrear account invoice of March 2025 that was settled on 29 August 2025 amounting to R16,769,310.95.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

DEPARTMENT OF WATER AND SANITATION
PRIVATE BAG X313
PRETORIA
0001

29/08/2025

SUPPLIER NO: SWAT01

CONTACT PERSON:
TEL NO: FAX NO:
E-MAIL ADDRESS: info@dws.gov.za

VOUCHER NO: CATA012923

CHEQUE/ELE NO: 77074154

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
31/03/2025	SUN	412671391	14377711.40		2156656.71	16534368.11
31/03/2025	SUN	412671391	234942.84		0.00	234942.84

SUB TOTAL: 2156656.71 16769310.95
2156656.71 16769310.95

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

COMPILED BY...:

CHECKED BY...:

AUTHORISED BY:

Payment arrangement instalment of R6 million was not settled due to insufficient cash available from operations. The arrear debt should have been settled at the end of January 2025, but due to severe cash flow challenges this did not materialise.

The municipality's water reconciliation statement (aligning to the mSCOA data string upload for M02 – August 2025).

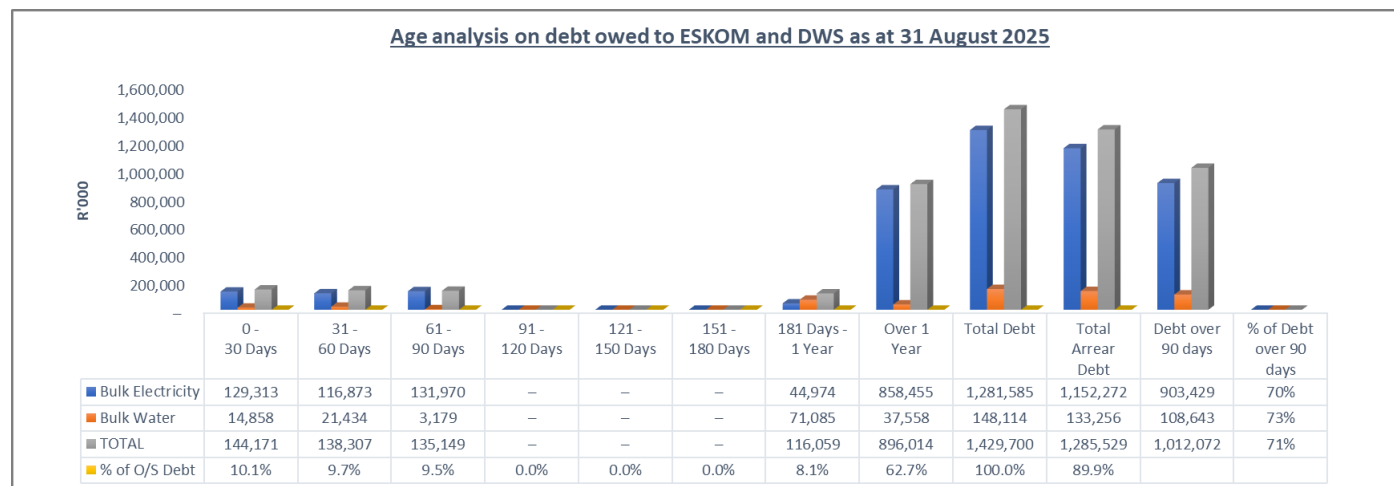
	2026	
	M02	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Deposits	-21,433,972	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	5,133,467	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	11,776,441	16,909,908
Assets:Current Assets:Inventory:Water:System Input Volume:Bulk Purchases	18,628,243	

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

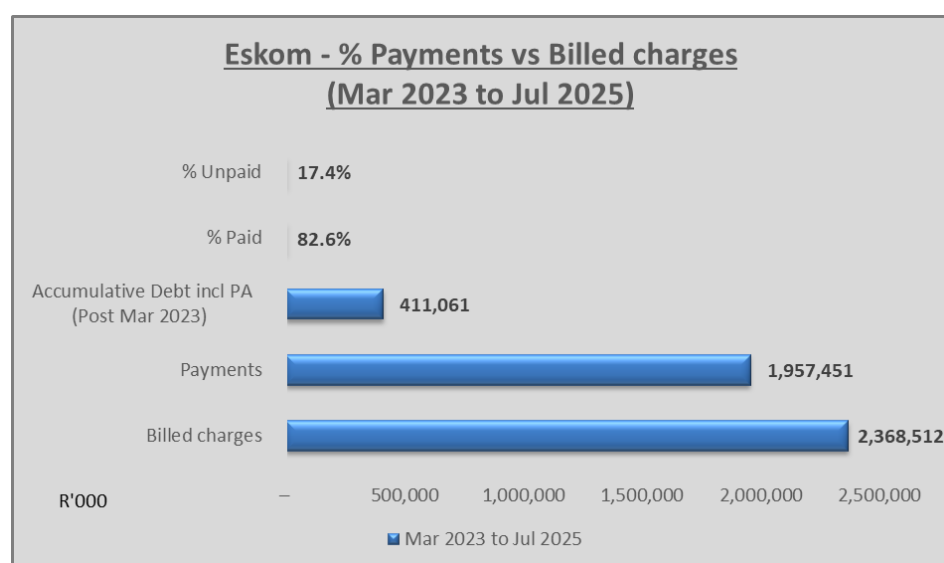
Datastrings & FMS Recon - Aug 2025 M02	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER:INPUT VOL: BULK PURCHASES	55,506,524.55	36,878,281.30	18,628,243.25	Deposits vote reconciles to datastrings
Ledger Journals	161,092.25	-	161,092.25	
INC ALLOCATION - ORANJE RIET: JULY 2025	161,092.25	-	161,092.25	Incorrect allocation corrected
Sundry Accruals	36,878,281.30	-	36,878,281.30	
SORA01:ORANJE RIET WATER USERS ASSOCIATION	56,020.70	-	56,020.70	Payment Oranje Riet Water Association
SWAT01 : DEPARTMENT OF WATER AND SANITATION	18,411,130.30	-	18,411,130.30	Unpaid invoice for July 2025
SWAT01:DEPARTMENT OF WATER AND SANITATION	18,411,130.30	-	18,411,130.30	
Sundry Accruals Reversals	-	18,467,151.00	-18,467,151.00	
SORA01 : ORANJE RIET WATER USERS ASSOCIATION	-	56,020.70	- 56,020.70	
SWAT01 : DEPARTMENT OF WATER AND SANITATION	-	18,411,130.30	-18,411,130.30	
Sundry Payments	18,467,151.00	18,411,130.30	56,020.70	
SORA01 : ORANJE RIET WATER USERS ASSOCIATION	56,020.70	-	56,020.70	Payment Oranje Riet Water Association
SWAT01 : DEPARTMENT OF WATER AND SANITATION	18,411,130.30	18,411,130.30	-	
Grand Total	55,506,524.55	36,878,281.30	18,628,243.25	

Datastrings & FMS Recon - Aug 2025 M02	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER BULK PURCHASE:DEPOSITS	42,867,944.40	64,301,916.60	-21,433,972.20	Deposits vote reconciles to datastrings
Create Cheque 77074201 Voucher No CATA013456	21,433,972.20	21,433,972.20	-	
Sundry CATA013456 Creditor Control	-	21,433,972.20	-21,433,972.20	Invoice captured and authorised for July 2025
SWAT01 : DEPARTMENT OF WATER AND SANITATION	21,433,972.20	21,433,972.20	-	
WATER BULK PURCHASE:WITHDRAWALS	38,343,879.68	21,433,972.20	16,909,907.48	Withdrawal vote reconciles to datastrings
Create Cheque 77074086 Voucher No CATA013357	140,596.53	-	140,596.53	Payment minor DWS accounts
Create Cheque 77074154 Voucher No CATA012923	16,769,310.95	-	16,769,310.95	Payment on the March 2025 account
Create Cheque 77074201 Voucher No CATA013456	21,433,972.20	-	21,433,972.20	
SWAT01 : DEPARTMENT OF WATER AND SANITATION	-	21,433,972.20	-21,433,972.20	Payment deleted and re-captured
Grand Total	81,211,824.08	85,735,888.80	- 4,524,064.72	

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



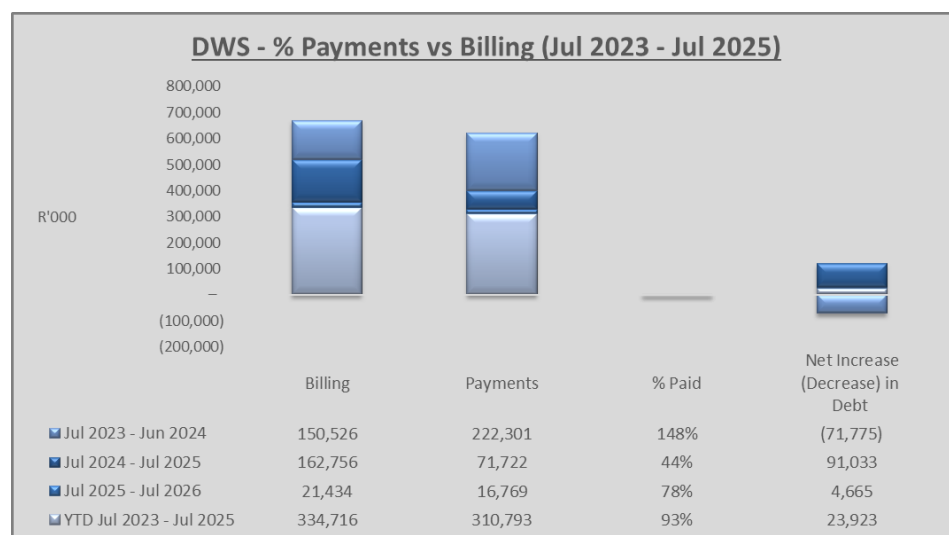
Please refer to section 4.2 for more in-depth information of the debt owed to ESKOM and DWS.



Indicated in the adjacent chart is a summary of the percentage payments versus billed charges for Eskom for the period March 2023 to July 2025. The August 2025 account is excluded as it not yet due and payable.

The total billed charges for the period amounted to R2,368,512 billion, and payments made amounted to R1,957,451 billion. For the period the municipality managed to settle 82.6% of the billed charges.

The debt outstanding post March 2023 amounts to R411,061 million, 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 July 2025.

The total billing for the period amounted to R334,716m, and payments made amounted to R310,793m. For the 2023/24 financial year the municipality reduced the arrear debt by R71,775m. Due to the unpaid invoice for October, November, December 2024 and January, June and July 2025. This resulted in an escalation of outstanding debt of R91,033m for the prior year and R4,665 million for the current year. The net increase in outstanding debt amounts to R23,923m.

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 - August 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)	Partially Compliant - ESKOM The municipality made payments of R152 million on August 2024, January 2025, April and May 2025. R30 million payment was made on the July 2025 invoice. Partially Compliant - DWS The municipality could not settle the July 2025 account in full, but made a payment of R16 million on the March 2025 account.
	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 August 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 September 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	Compliant Email was sent within one day of making payment to ESKOM. Submission to DWS was late.
	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 August 2025 will be uploaded onto GoMuni on 9 September 2025.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - August 2025
	<p>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</p>	Monthly, within 10 working days after month end	Monthly financial data strings	<p>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.</p>
<p>6.6 Electricity and Water Collection <i>(Demonstration through by-laws and budget related policies)</i></p>	<p>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</p>	Monthly	Monthly billing reconciliation / Financial system generated hierarchy allocation report	<p>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.</p>
	<p>6.6.2 The municipality is disconnecting electricity services and/or blocking the purchasing of pre-paid electricity of any defaulting consumer/property owner</p>	Monthly	Number of disconnected / blocked meters	<p>Prepaid disconnections = 723 Conventional disconnection = 124</p>
	<p>6.6.3 The municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner</p>	Monthly	Number of restricted / interrupted supply	<p>Due to the fact that our water meters 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).</p>
	<p>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.</p>	Monthly	No of indigent consumers	<p>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.</p>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - August 2025
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 80% (Monthly S71 Revenue Collection Ward Template)	Non-Compliant Monthly S71 Revenue Collection rate per Ward for Property rates and Services only = 51%. Quarterly S71 Revenue Collection rate per Ward outcome Q1 = Not yet end of quarter Municipality's average collection rate = 77% (Prepaid electricity sales and allocated credits are included) Not achieved Average daily cash collection for August 2025, was R11,079m.
	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 – 6.7.2.1 Underperformance directly relates to Eskom Supplied areas 6.7.2.2 Physical restriction and/or limit of supply of water is due to Technical Engineering reason(s) 6.7.2.3 The municipality has attempted to enter into SLA with Eskom for Eskom Supplied Areas and document reason(s) for failure	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)	Smart meter project is completed. YTD installations until 31 March 2025 = 15,328
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.
	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	Smart meter project is completed. YTD installations until 31 March 2025 = 15,328

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - August 2025
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 registered municipal valuer and demonstrate the steps taken to correct the variances identified; and	Quarterly	GVR Reconciliation & GoMuni Status of Schedule of Revenue Documents Submissions Report	Compliant GVR reconciliation for the fourth quarter was completed 15 July 2025.
	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 was submitted on 15 July 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 August 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 July 2025. Management must take remedial actions as per the recommendations made by National Treasury
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

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - August 2025
	<p>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</p>	Funds to be invested weekly and withdrawn monthly	Investment account and primary bank statement	<p>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.</p> <p>Partially Compliant The ESKOM and DWS was partially paid, directly from the Primary bank account. Investment account statement no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124</p>
	<p>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.</p>	Monthly	Investment account and bank statement and proof of payment aligned to actual receipts	<p>Partially Compliant The ESKOM current account was partially paid, directly from the Primary bank account. 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 other creditors make this requirement difficult to maintain.</p>
	<p>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</p>	Monthly, within 10 working days after month end	Bank statement and proof of payment aligned to actual receipts	<p>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.</p>

17. Recommendations

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

1. The monthly budget statement (S71 Report) for the month of August 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 16.3 above. Please refer to the Non-compliance report and compliance certificate for July 2025.
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 for several months and this does not count in the municipality's favour. Arrear Eskom instalments amount to R80,400 million and DWS amounts to R37,558 million (R14m must still be written off by the Department).
 - 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 95% as per the Municipal Debt Relief for the second cycle. The first cycle required an 85% collection rate.
 - e. Work towards achieving the targeted 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, when it has to be 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. The project is now complete.
 - 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 few months.
 - n. Building up of cash reserves as a matter of urgency.
 - o. The 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 the same issue year-on-year.
 - q. Developing of a debt collection strategy that is strictly enforced.
 - r. The municipality appointed four debt collectors, to assist with especially legal collections and blacklisting delinquent rate payers.
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. That the Mayoral committee take note that National Treasury approved the write-off of one third (1/3) of the municipal debt amounting to R248 million.

7. It is imperative that Mayoral Committee take note that due to consistent non-compliance to all the conditions of MFMA Circular 124, the municipality run the risk of National Treasury not recommending for the write-off of a third of the municipality's debt for the second and third cycle of the municipal debt relief programme.
8. That the Mayoral committee take note of the high risk that the municipality may be removed from the Municipal Debt Relief Programme, which will have serious repercussions for the municipality.
9. That the Mayoral committee take note of the fact that Sol Plaatje may be affected with Eskom's proposed intervention which includes entering into Distribution Agency Agreements, that would give the utility direct control over metering, billing and revenue collection. This would allow Eskom to deduct its share for bulk electricity purchases upfront and return the balance to municipalities
10. That the Mayoral committee take note of the Fruitless and Wasteful expenditure incurred on interest on overdue accounts amounting to R19,389 million for bulk electricity for the period Jul 2024 to June 2025. The interest incurred for the current year as at 31 August 2025 amounts to R9,536 million.
11. The municipality is in breach of the conditions and has accumulative arrears for the prior year. To be in good standing with ESKOM and to qualify for the recommendation for the second third debt write-off by National Treasury, the municipality have an obligation to settle **R374,216,921.81**, as indicated in the table below. Arrears on the outstanding invoices including interest amounts to R293,816,921.81 and the arrears on the payment arrangement amounts to R80,400,000.00.

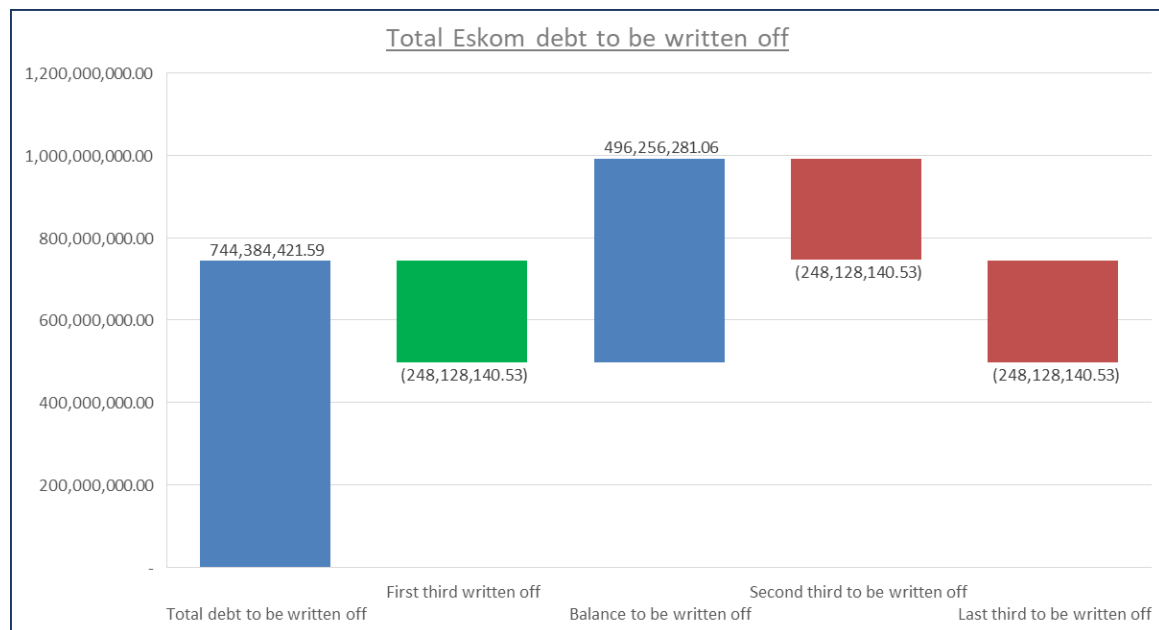
Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments Payment Arrangement	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,333,011.78	R -	R -	R -	R 273,911.75
Aug-24	R 127,600,942.44	R 127,600,942.44	R -	R 6,700,000.00	R 6,700,000.00	R 154,610.92
Sept-24	R 71,086,942.52	R 71,086,942.52	R -	R 6,700,000.00	R 6,700,000.00	R 1,749,230.28
Oct-24	R 73,507,839.50	R 73,507,839.50	R -	R 6,700,000.00	R 6,700,000.00	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 71,858,904.48	R -	R 6,700,000.00	R 6,700,000.00	R 1,729,759.80
Jan-25	R 75,731,838.36	R 75,731,838.36	R -	R 6,700,000.00	R 6,700,000.00	R 1,878,529.97
Feb-25	R 68,070,392.81	R 68,070,392.81	R -	R 6,700,000.00	R 6,700,000.00	R 1,066,048.41
Mar-25	R 72,107,023.50	R 72,107,023.50	R -	R 6,700,000.00	R 6,700,000.00	R 1,733,370.12
Apr-25	R 68,058,315.40	R 68,058,315.40	R -	R 6,700,000.00	R 6,700,000.00	R 1,809,020.57
May-25	R 77,292,217.25	R 77,292,217.25	R -	R 6,700,000.00	R 6,700,000.00	R 2,094,272.25
Jun-25	R 131,969,878.88	R -	R 131,969,878.88	R 6,700,000.00	R 138,669,878.88	R 1,975,092.68
Jul-25	R 146,873,234.81	R 30,000,000.00	R 116,873,234.81	R 6,700,000.00	R 123,573,234.81	R 5,423,957.99
TOTAL ESKOM	R 1,202,464,349.85	R 908,647,428.04	R 293,816,921.81	R 80,400,000.00	R 374,216,921.81	R 24,813,380.77

12. The municipality is in breach of the conditions and has accumulative arrears for the prior year. To be in good standing with DWS, the municipality must settle the accounts for October to December 2024, January, June and July 2025 amounting to a combined total of **R133,256,450.93** and the arrears on the debt agreement amounts to **R22,854,707.84**. 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 **R118,552,770.47**, as articulated in the table below.

Month	Invoice Amount	Paid Amount	Balance due	Less potential interest write-off	Total Due to be in Good standing	Interest
Arrears	R 54,656,466.48	R 17,098,078.18	R 37,558,388.30	R 14,703,680.46	R 22,854,707.84	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 -
Jan-25	R 20,395,986.37	R -	R 20,395,986.37	R -	R 20,395,986.37	R -
Feb-25	R 18,327,914.21	R 18,327,914.21	R 0.00	R -	R 0.00	R -
Mar-25	R 16,769,310.95	R 16,769,310.95	R 0.00	R -	R 0.00	R -
Jun-25	R 3,179,334.42	R -	R 3,179,334.42	R -	R 3,179,334.42	R -
Jul-25	R 21,433,972.20	R -	R 21,433,972.20	R -	R 21,433,972.20	R -
TOTAL WATER	R 185,451,754.27	R 52,195,303.34	R 133,256,450.93	R 14,703,680.46	R 118,552,770.47	R -

13. Municipal Debt Relief Benefit

The total debt eligible for write-off, over the 3-year period amounts to **R744,384,421.59**. National Treasury approved the write-off of one third (1/3) of the municipal debt amounting to **R248,128,140.53**. Should the municipality fail to comply with the conditions and fail to settle the accumulative arrears, the debt relief benefit that the municipality will forfeit is R496 million. 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. This will result in an increase in Fruitless and wasteful expenditure incurred for the year.



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 **August 2025** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Mr. K Bogacwi

Acting Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: 

Date: 17 /09/2025



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 Sadesh 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 JULY 2025

In July 2025, the National Treasury conducted a rigorous compliance assessment of Sol Plaatje Local Municipality under the second cycle of the Municipal Debt Relief Programme (MDRP), in accordance with MFMA Circular No. 124. The purpose of this review was to evaluate the municipality's adherence to the binding conditions of the programme, with specific emphasis on financial recovery efforts, governance reforms, and operational effectiveness.

The assessment recorded incremental improvements, particularly in budget formulation, accuracy of financial reporting, and the strengthening of governance mechanisms. However, these gains are overshadowed by persistent and systemic deficiencies that continue to undermine the credibility of the debt relief intervention.

Of immediate concern is the municipality's ongoing weakness in fundamental financial management practices. Expenditure control remains poor, and revenue collection performance is critically low. Against the MDRP threshold of **95%**, Sol Plaatje collected only **34% of billed revenue in July**, reflecting a severe shortfall that places significant strain on cash flow and service delivery. The municipality indicated that the annual billing on Property rates distorted the collection rate. In addition, arrears management—particularly in respect of Eskom debt—has been grossly inadequate. These failures threaten financial sustainability and call into question the municipality's readiness to progress to subsequent phases of the MDRP.

Importantly, the municipality's compliance score declined from 90% in the previous review period to 78% in July 2025. This downward trend is a clear signal of regression rather than improvement. The inability to enforce credit control policies, combined with the mounting backlog of unpaid accounts,

Nkwama wa Tiko • Gwama la Muvhuso • Nasionale Tesourie • Lefapha la Bosetshaba la Matlotlo • uMnyango wezezimali • Litiko leTetimali taVelonkhe • Tirelo ya Matlotlo a Bosetshahaba
Tshebeletso ya Matlotlo a Naha • UMnyango weziMali • Isebe leNgxowa Mali yeLizwe

reflects systemic revenue management failures. These shortcomings are not isolated operational inefficiencies; they constitute breaches of the foundational obligations set out in the MDRP framework.

The Eskom arrears remain a significant financial liability and a high-risk exposure for the municipality. Without meaningful solutions to reduce or restructure this overdue account, the prospect of a second write-off will not be possible. To safeguard the integrity of the programme, stricter credit control and debt collection measures must be urgently enforced. Furthermore, decisive action is required to address the growing Organ of State debt, as failure to do so will further erode the municipality's financial stability and compromise the objectives of the MDRP.

Condition 6.1 – Municipality non-compliance

Despite the municipality's overall progress, the July 2025 compliance assessment identified several critical shortcomings that require urgent corrective action.

One of the most pressing concerns is the inconsistent enforcement of disconnection measures for non-payment of municipal services. Electricity and water disconnections are fundamental instruments within the municipality's credit control and debt collection policy; however, their implementation remains sporadic and inadequately monitored. This weak application undermines payment discipline and directly compromises efforts to improve revenue collection. It is imperative that disconnection procedures be applied consistently across all service areas, supported by adequately resourced enforcement teams, and fully aligned with the municipality's approved credit control framework.


Another significant weakness lies in the lack of active Council oversight in the implementation of the Municipal Debt Relief Programme (MDRP). The continued "No" rating under Condition C41 reflects a serious governance gap, where Council has failed to consistently table MDRP progress reports, adopt the required resolutions, and monitor programme outcomes through established oversight structures. This absence of political leadership and accountability undermines institutional momentum and limits the sustainability of compliance efforts. Council's direct involvement must be strengthened through regular agenda items, structured performance briefings, and formally adopted resolutions to enhance transparency, accountability, and institutional buy-in.

In addition, the municipality continues to struggle with meeting its payment obligations to Eskom and regional Water Boards. While some improvements in account management have been observed, payments remain irregular and are often made in partial amounts, contrary to the agreed repayment terms set out in the debt relief framework. This persistent non-compliance not only jeopardises the municipality's access to future phases of debt write-offs but also raises broader concerns about financial sustainability. Full and timely settlement of bulk service provider accounts must therefore be treated as a non-negotiable priority under the MDRP.

These areas of non-compliance must be addressed with urgency to prevent further regression and to consolidate the gains achieved to date. Strengthening governance oversight, enforcing credit control measures consistently, and ensuring strict adherence to repayment agreements with creditors are

essential to achieving full compliance with MFMA Circular No. 124 and safeguarding the municipality's continued eligibility for debt relief support.

NC091 Sol Plaatje Local Municipality overall relief performance for July 2025:



National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Province

Code

NC091

Region

Free State

Code Description

Sol Plaatje

Monthly Performance Report

Municipal Details			Part A												Part B				Part C				Part D				Part E				Part F				Scoring and Rating	
			Eskom And Bulk water service accounts				Compliance with a funded MDRP				FMRP's Task Performance				Electricity and water as collection basis				Quarterly collection of property rates and revenue charges				Maintenance of Revenue Base				Debtwrite								Score	Rating
Month	Code Description	Code	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	YTD	QTD	QTD %	QTD %	Score	Rating
25 July25	Sol Plaatje	NC091																																		
28 August25	Sol Plaatje	NC091																																		
21 September25	Sol Plaatje	NC091																																		
18 October25	Sol Plaatje	NC091																																		
23 November25	Sol Plaatje	NC091																																		
28 December25	Sol Plaatje	NC091																																		
19 January26	Sol Plaatje	NC091																																		
12 February26	Sol Plaatje	NC091																																		
11 March26	Sol Plaatje	NC091																																		
14 April26	Sol Plaatje	NC091																																		
18 May26	Sol Plaatje	NC091																																		
18 June26	Sol Plaatje	NC091																																		
22 July26	Sol Plaatje	NC091																																		
28 August26	Sol Plaatje	NC091																																		
23 September26	Sol Plaatje	NC091																																		
18 October26	Sol Plaatje	NC091																																		
11 November26	Sol Plaatje	NC091																																		

Sol Plaatje Local Municipality is strongly cautioned that, despite some progress in selected areas, its continued failure to fully settle outstanding Eskom obligations during the second compliance cycle represents a material breach of the Municipal Debt Relief Programme (MDRP). This non-compliance severely undermines the credibility of the municipality's financial recovery efforts and places its eligibility for the approved debt write-off in jeopardy.

The persistent arrears with Eskom are not only a direct contravention of MFMA Circular No. 124 but also a fundamental threat to financial stability, service delivery, and the broader objectives of the debt relief intervention. Failure to decisively address this liability will nullify the intended benefits of the programme and expose the municipality to escalated financial and operational risks.

The municipality must urgently demonstrate financial discipline by:

- Fully settling Eskom arrears without further delay or partial payments.
- Strictly enforcing credit control and debt collection policies, with no tolerance for inconsistent or selective application of disconnections.
- Recovering consumer debt at scale to improve liquidity, as the July collection rate of 34% against a 95% threshold is wholly unacceptable.

Unless immediate and measurable corrective action is taken, Sol Plaatje risks forfeiting all associated debt relief benefits, thereby worsening its financial crisis and stripping it of the fiscal space needed to maintain essential services and invest in critical infrastructure. Continued non-compliance will also erode the trust of Provincial Treasury, National Treasury, and key stakeholders, potentially resulting in escalated interventions and diminished autonomy.

The message is clear: decisive action is no longer optional—it is the only path to restoring financial stability and safeguarding the municipality's future.

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

Sol Plaatje Local Municipality has secured final approval to participate in the Municipal Debt Relief Programme (MDRP), following the adoption of a formal Council resolution and subsequent endorsement by the National Treasury. This approval, initially granted on a conditional basis, required the municipality to address significant shortcomings in its financial management, administrative capacity, and governance systems.

In recognition of the strategic importance of this opportunity, the municipality's leadership—driven by strong political resolve and administrative commitment—initiated a comprehensive institutional assessment. This diagnostic exercise identified key areas of concern and served as the basis for a targeted and structured action plan. The plan prioritised improvements in internal controls, revenue management, expenditure efficiency, and governance oversight.

In response to the conditions outlined by the National Treasury, Sol Plaatje implemented a coordinated programme of institutional reforms. Notable interventions included:

- **Enhanced Financial Oversight:** The municipality introduced strengthened monitoring mechanisms to improve transparency, ensure compliance with national fiscal frameworks, and promote greater accountability in financial management.
- **Disciplined Budgeting Practices:** Robust and transparent budgeting procedures were adopted to enhance financial planning, prioritisation, and resource allocation.
- **Good Governance Frameworks:** Governance principles promoting integrity, ethical leadership, and institutional accountability were embedded into the municipality's operational and decision-making structures.
- **Performance Monitoring Systems:** Comprehensive compliance tracking and reporting mechanisms were established to monitor implementation progress, support evidence-based decisions, and drive continuous institutional improvement.

The implementation of these interventions has enabled the municipality to fulfil all conditions associated with the MDRP, culminating in the granting of final approval for programme participation. This milestone represents a significant achievement in Sol Plaatje's financial recovery efforts and reaffirms its commitment to sound fiscal management and institutional reform. With these foundational reforms now in place, the municipality is well-positioned to pursue long-term financial sustainability. The strengthened systems and governance structures are expected to stabilise the revenue base, improve service delivery outcomes, and reinforce public trust in the municipality's financial and administrative stewardship.

Condition 6.3 – Maintaining the Eskom bulk current account

As of July 2025, Sol Plaatje Local Municipality continues to exhibit partial effort in meeting its bulk electricity obligations; however, the failure to fully settle Eskom accounts remains a direct breach of

the commitments Council made when applying for inclusion in the Municipal Debt Relief Programme (MDRP).

When the municipality submitted its MDRP application, Council expressly undertook to:

- Honour all current account payments to Eskom and other bulk service providers in full and on time;
- Develop and adhere to a credible repayment plan for arrears; and
- Demonstrate consistent financial discipline to justify access to phased debt write-offs.

The July 2025 position reveals that these undertakings have not been honoured and the situation has worsened because the municipality only managed to settle R10 million on the account for high month of June 2025 amounting to R131 million. This pattern of partial payments may indicate willingness but falls short of the Council-approved commitment to full settlement.

This non-compliance has two serious consequences:

1. Programme Integrity Risk – By failing to comply with its own Council resolution and the binding MDRP conditions, the municipality undermines the integrity of the national debt relief initiative.
2. Loss of Eligibility for Future Write-Offs – The continued inability to fully settle Eskom accounts and to address legacy arrears jeopardises Sol Plaatje's access to subsequent phases of debt write-offs, which were explicitly conditional on sustained compliance.

Council's resolutions, adopted at the point of application, were not symbolic. They constituted a binding undertaking to National Treasury, Provincial Treasury, and the Department of Water and Sanitation. Failure to adhere to these obligations reflects a breakdown in political accountability and financial governance at the highest level of the municipality.

If Sol Plaatje is to restore its credibility and maintain eligibility under the MDRP, it must:

- Honour in full the financial commitments endorsed by Council, beginning with the outstanding Eskom arrears;
- Establish a formal, time-bound arrears repayment strategy linked to realistic revenue streams; and
- Demonstrate Council leadership through transparent reporting, adoption of binding resolutions on repayment, and visible oversight of implementation.

Anything less will not only disqualify the municipality from future debt write-offs but will also further entrench its financial instability, limiting its capacity to deliver essential services and undermining the confidence of all stakeholders.

Condition 6.4 – A funded MTREF

The National Treasury conducted a compliance assessment of Sol Plaatje Local Municipality in July 2025 under the second cycle of the Municipal Debt Relief Programme (MDRP), in accordance with MFMA Circular No. 124. The purpose of this review was to evaluate the municipality's adherence to MDRP conditions, its financial performance, and the credibility of its 2025/26 MTREF budget.

While certain institutional improvements were recorded—such as enhanced budget formulation and financial reporting accuracy—these were overshadowed by serious weaknesses in credit control, arrears management, and cash flow sustainability. The municipality's compliance score declined from 90% in June 2025 to 78% in July 2025, with revenue collection of 34% against the required 95% threshold, reflecting regression in key performance areas.

Compliance and Governance Assessment

- **Credit Control and Debt Collection:** Enforcement remains weak. Disconnections for non-payment are inconsistently applied, undermining payment discipline.
- **Council Oversight:** Condition C41 remains non-compliant. Council has not tabled MDRP progress reports or adopted formal resolutions, reflecting poor political accountability.
- **Eskom Obligations:** Despite partial payments the municipality only managed to settle R10 million on the account for high month of June 2025 amounting to R131 million. Council's original MDRP application explicitly committed to full settlement of current accounts and structured arrears repayment—this commitment has not been honoured.
- **Debt Relief Risk:** Continued non-payment to Eskom threatens eligibility for future write-offs and undermines the integrity of the programme.

2025/26 MTREF Budget Assessment

The municipality's approved MTREF reflects revenue and expenditure of R3.2 billion, with a projected surplus of R31.7 million. While technically funded, the budget's credibility is fragile.

- **Revenue Outlook:** An 8.7% increase is projected, driven by property rates, service charges, and grants. Tariff hikes include 9.6% for electricity and 4.4% for water. However, electricity and water losses of 34% and 47% far exceed national norms, eroding the benefit of these increases.
- **Expenditure Risks:** Employee-related costs consume 28.8% (R1 billion) of operating expenditure. Debt impairment is under-budgeted at R437.1 million, compared to NT's projection of R760.2 million. This raises the risk of overstated revenues and under-provisioned costs.
- **Capital Programme:** Totals R627.3 million, with R557.8 million (89%) allocated to water services. The programme is 95% grant-funded, but NT questioned whether Sol Plaatje has sufficient internal reserves to meet its R32.4 million contribution.
- **Cash Flow Projections:** While the municipality forecasts a positive year-end balance of R251.1 million, NT projects a deficit of R398.1 million. The debtors book stands at R4.2 billion, with 73% overdue beyond 12 months, severely undermining liquidity.

- **Service Delivery Risks:** The municipality budgeted R73.8 million for indigent support, compared to the R292 million equitable share allocation, raising concern over the adequacy of free basic services for vulnerable households.

July 2025 Income and Expenditure Analysis

The first month of the 2025/26 financial year reflects severe weaknesses in both income and expenditure performance.

Income

- **Property Rates:** Actual R34.7m vs budget R152.6m (–77.2%).
- **Service Charges:** Actual R100.0m vs budget R472.8m (–78.8%).
- **Operational Transfers:** Actual R125.5m vs budget R80.9m (+55.1%).
- **Capital Transfers:** Actual R37.5m vs budget R171.0m (–78.1%).
- **Interest:** Actual R1.6m vs budget R11.6m (–86.2%). Analysis: Core own-revenue collapsed, offset only by higher transfers.

Expenditure

- **Suppliers and Employees:** Actual R223.5m vs budget R877.9m (+74.5% underspent).
- **Finance Charges:** Actual R1.2m vs budget –R41k (over 3,000% deviation).
- **Capital Assets:** Actual R193k vs budget R156.8m (–99.9%).
- **Borrowing Repayments:** Nil vs budget R4.17m (100% underspent). Analysis: Expenditure underspending inflated the cash position but risks arrears build-up and service delivery delays.

Cash Position

- **Net Operating Cash (July Actual):** R269.4 million (26% above budget).
- **Net Investing Cash (July Actual):** –R193k vs –R156.8m budgeted (underspending of 99.9%).
- **Net Financing Cash (July Actual):** R1.3m inflow vs –R4.17m budgeted (reflecting non-payment of borrowings).
- **Closing Balance:** R287.9 million vs R183.8 million budgeted (+56.7%).

Analysis: The municipality's cash position for July appears stronger than forecast, but this is an artificial outcome driven by delayed spending, grant inflows, and non-payment of obligations, not by stronger revenue collection.

Key Risks Identified

1. **Revenue collapse:** Property rates and service charges under-collected by nearly 80%.
2. **Grant dependency:** Over 50% of July receipts came from transfers, not own-revenue.
3. **Capital project delays:** Almost no capital spending in July, despite major service delivery needs.
4. **Arrears exposure:** Eskom invoices remain unpaid in full, with interest charges escalating.
5. **Liquidity fragility:** Apparent positive cash position achieved through spending delays, not genuine income growth.

Conditions 6.5 – Cost reflective tariffs

An evaluation of Sol Plaatje Local Municipality's 2025/26 MTREF tariffs reveals that none of the four major trading services—water, sanitation, electricity, and solid waste—are cost reflective. The revenue budgeted for these services is consistently below the levels required to cover the full cost of operations, maintenance, and infrastructure renewal, as calculated through the National Treasury tariff tool. This systemic underfunding creates a growing structural deficit across the MTREF period, undermining the financial sustainability of the municipality and placing long-term service delivery at risk.

Water Services

For 2025/26, the National Treasury tariff tool estimates that R438.58 million is required to sustainably provide water services, while the municipality has budgeted only R362.72 million, creating a shortfall of R75.86 million. The funding gap grows across the MTREF, with an R84.89 million deficit projected in 2026/27 and R97.65 million in 2027/28.

This persistent underfunding demonstrates that the water function is structurally unsustainable, leaving little scope for system upgrades, infrastructure renewal, or efforts to address high water losses. Without corrective action, the service will continue to face operational pressures, deferred maintenance, and a risk of deteriorating supply reliability.

Sanitation (Waste Water) Services

Sanitation services also reflect non-cost reflective tariffs. For 2025/26, the required revenue is R124.91 million, but only R106.27 million has been budgeted, leaving a gap of R18.64 million. Similar deficits appear across the MTREF, with shortfalls of R20.14 million in 2026/27 and R17.88 million in 2027/28.

Although the shortfall is smaller than other services, the continued underfunding weakens the municipality's capacity to manage wastewater infrastructure, maintain treatment plants, and expand sanitation networks to informal and underserved areas. The long-term risk includes growing service backlogs and health-related challenges.

Electricity Services

Electricity presents the most critical shortfall. For 2025/26, the cost of providing electricity is R1.55 billion, but the municipality has budgeted only R1.22 billion, resulting in a deficit of R332.18 million. The gap grows to R370.96 million in 2026/27 and R374.25 million in 2027/28.

This underfunding is compounded by high bulk Eskom purchase costs and technical and non-technical losses of approximately 34%, far exceeding acceptable benchmarks. The inability to achieve cost-reflective tariffs undermines the municipality's ability to honour Eskom obligations, maintain

infrastructure, and reduce losses. Unless tariffs are adjusted and enforcement improved, the electricity service will remain unsustainable, with severe consequences for both municipal finances and service delivery.

Solid Waste Services

Solid waste services are also underfunded. In 2025/26, the required revenue is R94.75 million, while the budget provides only R73.59 million, creating a deficit of R21.16 million. Shortfalls persist across the MTREF, with R23.83 million in 2026/27 and R22.79 million in 2027/28.

This continued underfunding places pressure on refuse removal services, already affected by an ageing fleet and frequent breakdowns. The result is a risk of irregular collections, growing service backlogs, and declining public confidence in the municipality's ability to provide basic waste management services.

Condition 6.6 – Electricity and water as collection tools

The municipality does not issue a consolidated monthly bill to consumers and property owners in terms of which partial payments are allocated in a set order of priority (first to property rates, then to water, wastewater, refuse removal, and lastly to electricity). This absence of a consolidated billing and payment allocation system weakens the municipality's ability to manage arrears effectively and undermines its credit control and debt collection efforts. Instead of ensuring that all key revenue streams are systematically recovered, the current fragmented approach contributes to rising consumer debt and poor cash flow outcomes.

On the enforcement side, the municipality does apply electricity disconnections and/or blocks prepaid purchases in cases of consumer default, unless the affected consumer is registered as indigent. This demonstrates some level of compliance with credit control requirements, as electricity is an effective enforcement tool to compel payment. However, the municipality does not apply similar restrictions or interruptions to water supply for defaulting consumers. The failure to enforce water restrictions—undertaken with municipal engineers to ensure the minimum basic supply is safeguarded—means that one of the most powerful credit control mechanisms remains underutilised. This selective enforcement limits the overall effectiveness of revenue recovery.

Furthermore, while indigent consumers are protected from disconnections, the municipality does not physically restrict their consumption to the national monthly free basic service limits of 50 kilowatts of electricity and 6 kilolitres of water. The absence of such controls raises concerns about the sustainability of the indigent support programme, as unrestricted consumption places pressure on municipal finances and dilutes the intended targeting of benefits. National Treasury requirements stipulate that indigent information should be incorporated into the municipality's MFMA section 71 statements in the prescribed format, yet this condition is also not being complied with.



Collectively, these shortcomings reflect a fragmented and inconsistent application of the credit control policy. While electricity disconnections are applied, the lack of consolidated billing, failure to enforce water restrictions, and the absence of physical limits for indigent consumption undermine the municipality's ability to ensure disciplined revenue collection. This non-compliance contributes directly to the poor collection rate of 34% reported in July 2025, against the MDRP threshold of 95%, and highlights the urgent need for the municipality to strengthen its credit control systems and enforcement measures in line with programme requirements.

Condition 6.7: Maintain a Minimum Average Quarterly Collection Rate

The municipality's billing and collection performance for July 2025 reflects deep structural weaknesses in revenue management, with overall collection levels falling significantly below the MDRP threshold of 95 percent. Out of total billing of R309.9 million, only R105.2 million was collected, leaving R204.8 million uncollected and translating to an aggregate collection rate of 34 percent. This poor performance underscores systemic deficiencies in enforcing credit control, managing arrears, and securing sustainable cash inflows.

Collection excluding Eskom supplied areas

For areas supplied directly by the municipality, billing amounted to R265.1 million, with collections of R95.8 million, representing a collection rate of 36 percent. While slightly above the overall average, this figure remains critically low and demonstrates that even within the municipality's direct control, collection performance is insufficient to cover operating obligations, let alone arrears repayment.

Property Rates

Billing for property rates totalled R165.4 million, but only R37.2 million was collected, leaving R128.2 million outstanding and yielding a collection rate of just 23 percent. Property rates are a critical and relatively stable revenue stream; however, the extremely low recovery rate reflects poor enforcement of the municipality's credit control policy, as well as weak billing and customer account management. This trend contributes directly to the deterioration of the debtor's book, which already exceeds R4.2 billion. The municipality indicated that the annual billing on Property rates does distort the collection rate.

Electricity (municipal-supplied areas)

Electricity performed comparatively better, with R65.9 million billed and R45.3 million collected, reflecting a 69 percent collection rate. This outcome highlights that electricity disconnections and prepaid blocking, when applied, are relatively effective enforcement tools. Nevertheless, a 31 percent non-collection rate remains too high, especially given that electricity tariffs themselves are not cost reflective. Without tightening enforcement and reducing distribution losses (currently around 34 percent), the municipality risks further arrears accumulation and compromised payments to Eskom.

Water services

Billing for water services reached R30.3 million, but only R13.5 million was collected, translating into a 44 percent collection rate. More than half of billed water charges remain unpaid (R16.8 million outstanding). This reflects weak enforcement, as the municipality does not apply systematic water restrictions to defaulting consumers. Combined with high technical and non-technical water losses (67 percent), this shortfall severely undermines the financial sustainability of water services.

Wastewater (sanitation) services

Sanitation collections are particularly weak. Out of R13.5 million billed, only R4.0 million was recovered, yielding a 30 percent collection rate. This leaves a shortfall of R9.5 million, highlighting both affordability challenges and poor enforcement of recovery mechanisms in this essential service. Sustained under-collection will undermine infrastructure maintenance and expansion in underserved communities.

Refuse services

For refuse removal, R10.0 million was billed, with R3.8 million collected, resulting in a 38 percent collection rate. The outstanding balance of R6.1 million reflects weak revenue recovery in a service that is already underfunded and constrained by an ageing fleet. If not addressed, this will exacerbate service backlogs and community dissatisfaction.

Interest on arrears

Billing for interest charges on overdue accounts amounted to R24.8 million, yet only R1.3 million was collected, yielding a dismal 5 percent recovery rate. This indicates that interest charges, while billed, are not translating into effective cash collection. This highlights the ineffectiveness of penalties as a deterrent, further emphasising the need for stricter enforcement mechanisms.

Conditions 6.8 – Completeness of the Revenue Base

GV Reconciliation Summary						
Province	NC					
District	SolPlaatje					
Type	LM					
Municipal Name	SolPlaatje					
GV Period	01/07/2022 - 30/06/2027					
Financial Year	2024/2025					
Reconciliation Period	Quarter 4					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	51026	51026	0	24 151733 603	24 151733 603	-
Industrial	203	203	0	804 240 000	804 240 000	-
Business and Commercial	2326	2326	0	7 566 692 001	7 566 692 001	-
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	451	451	0	149 996 000	149 996 000	-
PBO	198	198	0	510 111001	510 111001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	239	239	0	607 129 000	607 129 000	-
Municipal	9300	9300	0	1579 173 503	1579 173 503	-
Other	0	0	0	-	-	-
Total	64 319	64 319	-	40 583 548 208	40 583 548 208	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	24 411365	22 952 881	1458 484	24 411365	22 996 667	1414 698
Industrial	2 438 657	2 379 802	58 855	2 438 657	2 383 112	55 544
Business and Commercial	22 944 102	20 976 087	1968 014	22 944 102	20 987 342	1956 759
Agricultural	660 197	338 912	321285	660 197	338 912	321285
Mining	622 479	592 162	30 316	622 479	595 421	27 058
State Owned for Public Purpose	10 355 530	3 311956	7 043 574	10 355 530	3 311956	7 043 574
PSI	-	115 276	- 115 276	-	-	-
PBO	-	2 395	- 2 395	-	-	-
Multi Use	-	-	-	-	-	-
Vacant	-	-	-	-	-	-
POW	-	7 790	- 7 790	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
Total	61 432 329	50 677 262	10 755 067	61 432 329	50 613 410	10 818 919

The General Valuation Roll (GVR) Reconciliation is a fundamental component of municipal revenue governance, serving as a mechanism to verify that the municipality's official valuation data is accurately and completely captured within its billing system. This process ensures that property rates are billed based on reliable, legislatively compliant valuation figures, as required by the Municipal Property Rates Act (MPRA) and monitored under MFMA Circular No. 124, particularly in the context of the Municipal Debt Relief Programme (MDRP).

For the fourth quarter of the 2024/25 financial year, Sol Plaatje Local Municipality undertook a formal GVR reconciliation covering the current valuation period from 1 July 2022 to 30 June 2027. This exercise was aimed at confirming full integration and alignment between the Valuation Roll and the Municipal Billing System. It was led by the Revenue and Valuation units, with oversight from the finance directorate, and forms part of the ongoing financial controls linked to improving revenue assurance.

The reconciliation process involved a line-by-line verification of both the number of properties and the total market values across each billing category. The results of this exercise confirmed 100% alignment, with zero discrepancies recorded. The detailed breakdown is as follows:



- Residential properties: 51,026 accounts were recorded in both systems, with a combined market value of R24.15 billion.
- Industrial properties: 203 accounts aligned perfectly, with a total market value of R804.24 million.
- Business and Commercial properties: 2,326 accounts reconciled accurately, with a market value of R7.57 billion.
- Agricultural properties: 422 accounts matched across both platforms, valued at R2.61 billion.

This complete reconciliation not only validates the technical integrity of the municipality's revenue base but also enhances the credibility of its billing operations. The accuracy of the GVR and its seamless integration into the billing system provides a solid foundation for improved financial forecasting, tariff modelling, and audit compliance.

However, while the GVR reconciliation confirms the accuracy of the property register and valuation inputs, it also highlights a strategic challenge: the consistent under-collection of revenue despite a technically sound billing base. The municipality must now focus on converting this accuracy into improved cash flow by strengthening credit control enforcement, finalising indigent register reviews, and applying disconnection protocols where necessary.

In summary, the Quarter 4 GVR reconciliation for Sol Plaatje Local Municipality confirms that all rateable properties are correctly reflected and valued in both the valuation roll and billing system. This achievement represents an important compliance milestone and lays the groundwork for enhanced revenue performance. Going forward, the municipality must translate this data integrity into improved collections, sustainable budgeting, and full compliance with MDRP conditions, particularly as it seeks eligibility for future debt write-off cycles.

Condition 6.9 – Monitor and Report on compliance

The data strings have been successfully uploaded to the GoMuni platform, the official system designated for municipalities to submit operational and financial information. In line with its commitment to regulatory compliance, Sol Plaatje Local Municipality has consistently submitted its monthly reports in accordance with Section 71 of the Municipal Finance Management Act (MFMA). These reports play a critical role in assessing the municipality's financial position by providing detailed insights into revenue performance, expenditure patterns, and budget execution. As a cornerstone of financial transparency and accountability, the Section 71 reports equip stakeholders with reliable information that supports sound governance, informed decision-making, and improved oversight.

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)	Yes



MFMA S71 Statement component		Compliance (Yes / No)
	– where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	
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

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

Sol Plaatje Local Municipality continues to face a significant challenge in meeting its monthly current account obligations to Eskom and the Department of Water and Sanitation (DWS). This ongoing inability to fully settle these accounts is placing sustained pressure on the municipality's cash flow, resulting in the accumulation of arrears and posing a serious risk to its continued compliance with the conditions of the Municipal Debt Relief Programme.

The failure to consistently honour these payments not only threatens the municipality's eligibility for critical debt relief benefits but also increases the likelihood of stricter enforcement actions by creditors. Such measures could further compromise the municipality's financial position and service delivery capabilities. Immediate focus is therefore required to address the root causes of the cash flow constraints and to enhance revenue collection efforts.

Ensuring the timely and full settlement of current obligations is vital for maintaining programme compliance, securing uninterrupted service delivery, and preserving long-term financial stability.

Considering the elevated risk exposure, the Risk Manager is requested to prepare a comprehensive report detailing the municipality's financial and operational risks, with specific emphasis on the arrears with Eskom and DWS. The report should include an in-depth impact assessment, clearly defined risk mitigation strategies, and be accompanied by a draft council resolution for review. This proactive step will support informed decision-making at council level and reaffirm the municipality's commitment to robust financial management and effective risk oversight.

Condition 6.10 – National Treasury certification of municipal compliance

The National Treasury plays a central role in overseeing the implementation of the Municipal Debt Relief Programme (MDRP), ensuring that participating municipalities comply with the strict conditions required for effective debt resolution and long-term financial recovery. This oversight is essential to fostering fiscal discipline, transparency, and financial stability across the local government sphere.

As part of this process, the National Treasury has formally certified that Sol Plaatje Local Municipality has met all the required conditions of the programme. This certification is more than a procedural milestone; it represents a significant achievement that demonstrates the municipality's commitment to sound financial governance and compliance with national regulatory frameworks. It serves as formal



recognition of responsible fiscal management and marks an important step toward long-term financial sustainability.

To maintain these standards, the National Treasury has established a comprehensive monitoring and evaluation framework that ensures continued adherence to best financial practices. This framework helps prevent the recurrence of unsustainable debt, supports disciplined budgeting, and reinforces accountable governance. By doing so, it enables municipalities to improve service delivery, rebuild public trust, and promote local economic growth within a framework of fiscal integrity.

Through this continued oversight and support, the National Treasury strengthens the financial resilience of municipalities, contributing to better living conditions for residents. This collaborative approach lays the foundation for a more transparent, efficient, and financially sustainable system of local governance. Ultimately, it ensures that municipalities are not only able to meet their constitutional service delivery obligations but also contribute meaningfully to national economic development and social progress.

Condition 6.11 – Limitation on Municipal borrowing powers

The restriction on municipal borrowing—and the explicit prohibition against incurring new debt during the designated debt relief period—constitutes a core element of the regulatory framework underpinning the Municipal Debt Relief Programme. These provisions are designed to promote fiscal discipline by requiring municipalities to subject all borrowing activities to rigorous scrutiny and ensure strict compliance with both programme requirements and statutory borrowing thresholds. By curbing the accumulation of new debt and alleviating short-term fiscal pressures, the framework supports the broader objective of achieving long-term financial sustainability.

Since the commencement of the Debt Relief Programme on 1 October 2023, Sol Plaatje Local Municipality has consistently complied with these borrowing restrictions. This disciplined financial approach has played a vital role in safeguarding the municipality's credit standing, limiting financial risk, and reinforcing its commitment to sound fiscal governance.

Maintaining adherence to borrowing controls not only enhances the municipality's financial resilience but also fosters greater confidence among stakeholders—ranging from residents and creditors to oversight institutions and potential investors. By avoiding unsustainable borrowing and prioritising responsible financial management, the municipality is better positioned to maintain fiscal stability while fulfilling its core service delivery obligations.

This unwavering commitment to prudent debt management reflects a progressive and responsible governance approach—one that supports sustainable development, ensures regulatory compliance, and strengthens the municipality's long-term capacity to meet the evolving needs of its community.

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

The updated Supplementary Guide to MFMA Circular No. 124 introduces significant improvements to the management, oversight, and reporting of municipal debt relief funds. These enhancements are designed to strengthen accountability, promote transparency, and enforce financial discipline, ensuring that debt relief resources are utilised effectively and in full compliance with the conditions of the Municipal Debt Relief Programme.

One of the key revisions requires municipalities to integrate debt relief funds into their general accounts while maintaining separate reporting through monthly mSCOA submissions. This dual approach ensures operational alignment while preserving clear traceability, thereby facilitating effective monitoring and audit oversight.

To further improve transparency and strengthen compliance with National Treasury's governance standards, municipalities are now required to upload monthly bank reconciliations and full bank statements onto the GoMuni platform. This centralised reporting mechanism promotes uniformity across municipalities, enhances oversight, and provides stakeholders with improved access to financial information.

The guide also places strong emphasis on the proper accounting of debt relief benefits, such as interest write-offs granted by creditors like Eskom. Municipalities must ensure that these adjustments are accurately reflected in their accounting records, safeguarding the credibility of financial statements and supporting audit readiness.

To reduce the risk of future debt accumulation, municipalities are required to maintain verifiable records of all debt relief transactions and undertake regular reconciliations. These strengthened reporting and evaluation measures are designed to protect debt relief funds from misuse and to reinforce long-term compliance with programme requirements.

Finally, the guide highlights the importance of transparency and stakeholder engagement. The adoption of standardised platforms such as GoMuni reflects a continued commitment to sound financial management and public accountability. Collectively, these reforms will enable municipalities to manage debt relief funds more effectively, strengthen their financial position, and contribute to a more sustainable and accountable system of local public finance.

Condition 6.14 – NERSA Licence

Participation in the Municipal Debt Relief Programme is governed by strict compliance conditions, underscoring a municipality's commitment to financial recovery and responsible governance. One of the most consequential provisions states that, in cases of sustained non-compliance, a municipality must voluntarily apply to the National Energy Regulator of South Africa (NERSA) for the revocation of its electricity distribution license, as per Section 17 of the Electricity Regulation Act, 2006. This clause acts as a strong enforcement tool, directly tying programme participation to the municipality's capacity to deliver electricity services.

This requirement is only triggered if a municipality is formally removed from the programme due to ongoing non-compliance. Its presence highlights the critical importance of maintaining financial

discipline, meeting programme obligations, and operating within a sound regulatory framework. The potential loss of an electricity license reinforces the seriousness of non-compliance and serves as a deterrent to regulatory failure.

The measure reflects the National Treasury's commitment to accountability and lasting reform in municipal financial management. Municipalities must not only meet technical conditions but also demonstrate ongoing operational discipline, governance capability, and prudent financial stewardship. Continued eligibility for the programme—and the ability to deliver essential services—depends on consistently meeting these standards.

Ultimately, this enforcement condition supports the core goals of the Debt Relief Programme: advancing long-term financial sustainability, restoring institutional credibility, and ensuring uninterrupted service delivery. By setting clear, enforceable consequences, the National Treasury keeps municipalities focused on recovery, accountability, and excellence in governance.

High-Level Recommendations

1. Strengthen Revenue Collection and Credit Control

The municipality must urgently improve its collection rate from the current 34 percent toward the required 95 percent threshold. This requires:

- Implementing a consolidated billing system to ensure partial payments are allocated across all revenue streams (rates, water, sanitation, refuse, and electricity).
- Consistently enforcing disconnections and water restrictions for non-payment, with no selective application.
- Introducing real-time monitoring of collection performance by ward, reported to Council and Treasury stakeholders.
- Enforcing the free basic service limits of 50 kWh electricity and 6 kL water for indigent households.

2. Resolve Eskom and Water Board Arrears through Structured Repayment

Eskom arrears remain the municipality's most critical financial liability. A Council-approved repayment plan is needed that is:

- Credible, time-bound, and linked to realistic revenue flows.
- Supported by Council resolutions and formally submitted to Provincial and National Treasury.
- Monitored monthly through reconciliations and proof of payments uploaded to GoMuni. This will demonstrate financial discipline and safeguard eligibility for future phases of debt relief.

3. Strengthen Council Oversight and Governance Accountability

Weak political oversight continues to undermine programme implementation. To correct this, the Council should:

- Table debt relief compliance reports as standing agenda items.
- Adopt binding resolutions on arrears repayment, credit control enforcement, and financial recovery strategies.
- Establish a dedicated sub-committee to monitor progress on debt relief and financial management reforms.
- Visible political leadership is critical to restoring institutional credibility and reinforcing accountability.

4. Align Budget Assumptions with Realistic Cash Flows

While the 2025/26 MTREF is technically funded, its credibility is weak due to overstated revenues and under-provisioned costs. The municipality should:

- Adjust collection assumptions to reflect actual performance.
- Increase debt impairment provisions to align with Treasury estimates.
- Revise indigent support allocations to fully utilise the equitable share.
- Ringfence sufficient funds for bulk payments to Eskom and Water Boards. This will strengthen budget realism and reduce fiscal risk.

5. Implement Cost-Reflective Tariffs Across All Trading Services

All four trading services—water, sanitation, electricity, and solid waste—are significantly underfunded. The municipality must:

- Review tariffs using the National Treasury tariff tool.
- Phase in cost-reflective adjustments while protecting vulnerable groups through targeted subsidies.
- Prioritise loss reduction in water and electricity through improved metering, monitoring, and enforcement.
- Failure to implement cost-reflective tariffs will entrench service underfunding and jeopardise financial recovery.

6. Enhance Risk Management and Reporting

Given the high financial risk exposure, particularly in relation to Eskom arrears, the municipality should:

- Task the Risk Manager with preparing quarterly risk reports covering financial, operational, and governance risks.
- Ensure risk mitigation strategies are clearly defined and aligned with Council resolutions.
- Integrate risk reporting into compliance monitoring and oversight structures. This will embed risk awareness into governance and improve the municipality's resilience.

7. Institutionalise Compliance through Monitoring and Transparency

Compliance reporting must translate into operational improvement. To achieve this, the municipality should:

- Upload all mSCOA data, reconciliations, and supporting documents (bank statements, proof of payments, indigent registers) to GoMuni each month.
- Develop an internal compliance dashboard to track progress against debt relief conditions.
- Regularly brief Council, Provincial Treasury, and communities on progress to reinforce trust and accountability. This will institutionalise transparency, strengthen stakeholder confidence, and protect continued access to debt relief.

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: 01/09/2025

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

Annexures (July 2025 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	Jul'25
National Financial Year	2025/26
Demarcation Code of Municipality being assessed	NC091
District	Frances Baard
Demarcation Description	Sol Plaatje
<p>I, <u>Mandla Gilimani</u>, 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)	
<i>Choose from drop down list</i>	
Condition	6.3 + Maintaining the Eskom and bulk water current account – 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)? <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://lguploadportal.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 - 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 ? 6.3.3
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?
7	6.4 Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)
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 ?
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?
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>
<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?	No
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;	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 and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No
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?	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>	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?	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 ?	No FRP
<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>			
	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?	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 ?	Yes
<p><i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i></p>			
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?	Yes
<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	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No
<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>			
	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?	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?	No
<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		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.	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 Accounting General issued for Municipal Debt Relief to date?	Yes
<p><i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i></p>			
41	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	Yes
<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>			

Mandla Gilimani

~~MAH~~

Date:

01/09/2025

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 Gomuni must not include comments column - comments need to be incorporated into the related PT report**

Monthly Performance Report




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	Soi Plaatje


[illegible]

Monthly Performance Report																																											
Municipal Details			Part A					Part B				Part C			Part D				Part E								Scoring and Rating																
			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												
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
25.July25	Sol Plaatje	NC091	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
26.August25	Sol Plaatje	NC091	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
27.September25	Sol Plaatje	NC091	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
28.October25	Sol Plaatje	NC091																																									
29.November25	Sol Plaatje	NC091																																									
30.December25	Sol Plaatje	NC091																																									
31.January26	Sol Plaatje	NC091																																									
32.February26	Sol Plaatje	NC091																																									
33.March26	Sol Plaatje	NC091																																									
34.April26	Sol Plaatje	NC091																																									
35.May26	Sol Plaatje	NC091																																									
36.June26	Sol Plaatje	NC091																																									
37.July26	Sol Plaatje	NC091																																									
38.August26	Sol Plaatje	NC091																																									
39.September26	Sol Plaatje	NC091																																									
40.October26	Sol Plaatje	NC091																																									
41.November26	Sol Plaatje	NC091																																									

HOD Name:		K A BOERAWI	
Signature of HOD:			
Date:		2025/09/17	

Comments/Motivation

*** 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: Aug'25

National Financial Year: 2026/26

Demarcation Code of Municipality being assessed: NC091

District: Frances Baard

Demarcation Description: Sol Plaatje

Notes/Comments

I, Mr. K. Bogacwi, 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

Condition	Assessment	Notes/Comments
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)		
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)? <small>Note - refer condition 6.12.2</small>	No	The municipality made a payment of R16,769 million on 29 August 2025 towards the March 2025 account. The invoice for July 2025 amounted to R21,434 million and is still outstanding.
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/ ?	Yes	
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)? <small>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 accounts) up to the date of NT approval of the application.</small>	No	The municipality made a total payment of R152,830 million during the month of August 2025. The following accounts are settled in full August 2024, January, April and May 2025. Partial payment of R30,000 million was made towards the July 2025 current account. The invoice for July 2025 amounting to R146,873 million including interest of R5,424 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)	Select	
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?	Yes	
<small>Note: For example, if the municipality assessed the probability of default to be low, it may choose to set a 1% provision. If the municipality assessed the probability of default to be medium, it may choose to set a 5% provision. If the municipality assessed the probability of default to be high, it may choose to set a 10% provision. The municipality should also consider the impact of the provision on the overall financial performance of the municipality.</small>		
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	
<small>Note: If the municipality assesses that the depreciation and asset impairment is not sufficient, it should consider the impact of the provision on the overall financial performance of the municipality.</small>		
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	
<small>Note: If the municipality's MTREF is not funded, it should consider the impact of the provision on the overall financial performance of the municipality.</small>		
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? <small>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</small>	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 align with and give 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 from the tabling of the 2023/24 MTREF?	Yes	

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:		
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	
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	
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? 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.	No	
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? Note - the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.	No	
6.6	Inspecting readiness: The National Treasury and in particular through a report by the assessment team, the municipality's response to MTREF's related Budget position, and by law, demonstrate compliance with paragraph 6.6		
6.7	Maintain a minimum average quarterly collection of property rates and services charges -		
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	
6.7.1	NOTE - although the local government's response to the MTREF Circular No. 20 is a pre-set and standard, municipalities should the best effort report have or submitted by the last business day following or thereafter		
6.7.1	- 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:		
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	
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	
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?	not yet the end of a quarter	
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	Smart meter project is completed. YTD installations till end of 31 March 2025 = 15,328
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	
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 -		
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	
6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? 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	Yes	
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/ ?	Yes	

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?	<input type="text" value="Yes"/>
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? Note - condition 6.9.2 has a typing error and must refer to 6.9.1.	<input type="text" value="Yes"/>
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"/>
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/ ?	<input type="text" value="No FRP"/>
<p>6.10 Provincial Treasury Note – Provincial Treasury certificate of compliance – as terms of section 5 and 24 of the MFMA, and subject to section 24(1) of the MFMA, a designated municipality may not benefit from Municipal Debt Relief unless:</p>		
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"/>
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/ ? Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.	<input type="text" value="Yes"/>
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"/>
<p>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> <p>Note - there is a condition in municipal borrowing to deny certain municipal borrowing under the debt of the municipality. Municipal borrowing is limited to the amount of the municipal debt support programme. Municipal borrowing is limited to the amount of the municipal debt support programme. Municipal borrowing is limited to the amount of the municipal debt support programme.</p>		
<p>6.12 For the duration of the Municipal Debt Relief (to ensure proper management of resources):</p>		
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"/>
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="Yes"/>
<p>Note - For the purpose of the revenue sub-account, with a view to ensure that the municipality complies with the conditions of the Municipal Debt Relief (MDR) Act.</p>		
6.13	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. Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrears 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? Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.	<input type="text" value="Yes"/>
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"/>

PT: HOD/ NT/ MM Name:

K A BOWEN

Signature of HOD/ NT/ MM:

Date:

2023/09/12

*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.