



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

# Monthly Budget Statement S71 Monthly Report January 2026

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 and National 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: 13 February 2026

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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 JANUARY 2026**

### 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 and National 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 R4,572,699 billion, of which 91% of the debt is owed in excess of 90 days. The total debt by customer group is classified as follows; R782,976 million is owed by government, R746,757 million by businesses and R2,899,914 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: January 2026**

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 January 2026**, the ten working day reporting limit expires on **13 February 2026**. 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 **13 February 2026**, (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 January 2026	YTD Actual January 2026	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,886,610	1,849,150	(37,460)	98.0%	-2.0%
Total Revenue (including capital transfers and contributions)	2,285,706	2,209,285	(76,422)	96.7%	-3.3%
Total Operational Expenditure	1,890,319	1,635,108	(255,211)	86.5%	-13.5%

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

As indicated in Table 1.1 above, as at 31 January 2026, the billed revenue excluding capital grants amounted to R1,849,150 billion which resulted in an unsatisfactory variance of minus 2.0% when compared to the YTD Budget of R1,886,610 billion. The billed revenue including capital grants amounted to R2,209,285 billion, resulting in an unsatisfactory variance of minus 3.3% when compared to the YTD budget of R2,285,706 billion. Capital grants are recognised in the Statement of Financial Performance, monthly as soon as the conditions of the grant have been met. Reasons for the variances are articulated in Section 4.1 below. The Total Operational Expenditure amounted to R1,635,108 billion versus the YTD Budget of R1,890,319 billion resulting in an unsatisfactory variance of minus 13.5%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual January 2026	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Total Revenue (excluding capital transfers and contributions)	3,234,188	1,849,150	1,579,634	57.2%	-1.2%
Total Revenue (including capital transfers and contributions)	3,918,354	2,209,285	1,882,755	56.4%	-2.0%
Total Operational Expenditure	3,212,506	1,635,108	1,367,399	50.9%	-7.4%

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

Indicated in Table 1.2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 58.33% [calculated as follow: (100/12 months x 7 months of the year)] as at the end of January 2026, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of minus 1.2%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of minus 2.0%. The Total Operational Expenditure resulted in a satisfactory variance of minus 7.4%.

**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	Budget Main appropriation	Adjusted Budget	2025/26							
			First Quarter		Second Quarter		Third Quarter		Year to Date	
			Actual	1st Q as % of Main appropriation	Actual	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of Adjusted budget	Actual	Total Expenditure as % of adjusted budget
Operating Revenue and Expenditure										
Operating Revenue	3,234,188	3,234,188	912,667	28.2%	710,127	22.0%	226,356	7.0%	1,849,150	57.2%
Operating Expenditure	3,212,506	3,212,506	792,110	24.7%	643,808	20.0%	199,191	6.2%	1,635,108	50.9%
Transfers and subsidies - capital (monetary allocations)	684,166	684,166	103,603	15.1%	240,645	35.2%	15,887	2.3%	360,135	52.6%
<b>Total Revenue</b>	<b>3,918,354</b>	<b>3,918,354</b>	<b>1,016,270</b>	<b>25.9%</b>	<b>950,771</b>	<b>24.3%</b>	<b>242,243</b>	<b>6.2%</b>	<b>2,209,285</b>	<b>56.4%</b>

Table 1.3: Part 1: Operating Revenue and Expenditure

As per Table 1.3 above, overall Operating revenue is performing satisfactorily, with the actual achieved versus the Main appropriation standing at 57.2% versus the ideal percentage of 58.33%. This is largely attributable to the annual billing on Property rates. Operating expenditure is 50.9% spent. It should be noted that Post-retirement health benefits and Depreciation is not yet accounted for, the bulk electricity account for January 2026 will be captured during February 2026. Transfers and subsidies – capital transferred to revenue amounts to 52.6% of the Main appropriation, as grants will be recognized when the conditions are met. Total Revenue is standing at 56.4% as at end of January 2026.

## Capital Revenue and Expenditure

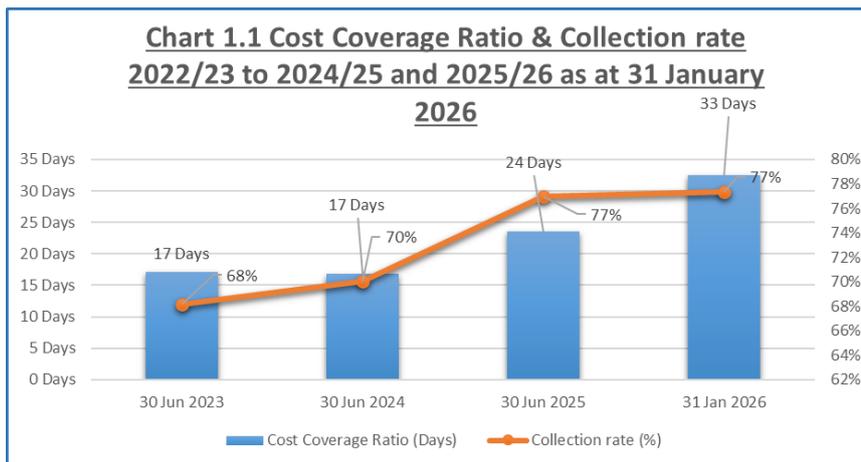
Part 2: Capital Revenue and Expenditure										
R thousands	Budget		2025/26							
	Main appropriation	Adjusted Budget	First Quarter		Second Quarter		Third Quarter		Year to Date	
			Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of Adjusted budget	Actual Expenditure	Total Expenditure as % of Adjusted budget
Capital Revenue and Expenditure										
Source of Finance	627,331	627,331	94,214	15.0%	202,604	32.3%	15,882	2.5%	312,701	49.8%
Transfers recognised - capital	594,927	594,927	90,089	15.1%	201,760	33.9%	15,882	2.7%	307,752	51.7%
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	32,404	32,404	4,125	12.7%	824	2.5%	-	-	4,949	15.3%

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 49.8% spent versus the Main appropriation, whilst conditional grants spent amount to 51.7% and internally generated funds at 15.3% 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 January 2026.
- 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 Cost coverage ratio as at 31 January 2026 is critically low, standing at 33 days. The average collection rate for January 2026, 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 R322,613m (8%) from 30 June 2025 to 31 January 2026 for the current financial year.
- Debt over 90 days is on average 90% of gross debtors over the periods, further emphasizing the municipality's struggle 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, for the month of January 2026, the municipality made a payment of R46,065 million on the October 2025 account which is now settled in full. A partial payment amounting to R46,000 million was made on the December 2025 current account. There are outstanding balances on the November 2024, June, July, August, November and December 2025 accounts. The following accounts are settled in full July to October 2024 and December 2024, January to May 2025 and September to October 2025. Interest charges for the period July 2024 to December 2025, amount to R51,840 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 **R524,711,488.26**, as indicated in Table 2.1 below. Arrears on the outstanding invoices including interest amounts to R410,811,488.26 and the arrears on the payment arrangement amounts to R113,900,000.00. It should be noted that the payment arrangement should have been settled at the end of December 2025.

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 100,000,000.00	R 46,873,234.81	R 6,700,000.00	R 53,573,234.81	R 5,423,957.99
Aug-25	R 129,313,188.86	R -	R 129,313,188.86	R 6,700,000.00	R 136,013,188.86	R 4,112,190.15
Sept-25	R 81,800,313.25	R 81,800,313.25	R -	R 6,700,000.00	R 6,700,000.00	R 4,263,618.92
Oct-25	R 86,065,807.73	R 86,065,807.73	R -	R 6,700,000.00	R 6,700,000.00	R 7,374,557.04
Nov-25	R 80,364,895.03	R 60,000,000.00	R 20,364,895.03	R 6,700,000.00	R 27,064,895.03	R 4,431,994.83
Dec-25	R 83,316,482.56	R 46,000,000.00	R 37,316,482.56	R 6,700,000.00	R 44,016,482.56	R 6,844,494.51
<b>TOTAL ESKOM</b>	<b>R 1,663,325,037.28</b>	<b>R 1,252,513,549.02</b>	<b>R 410,811,488.26</b>	<b>R 113,900,000.00</b>	<b>R 524,711,488.26</b>	<b>R 51,840,236.22</b>

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 -
Aug-25	R 14,866,090.79	R -	R 14,866,090.79	R -	R 14,866,090.79	R -
Sept-25	R 20,043,140.87	R -	R 20,043,140.87	R -	R 20,043,140.87	R -
Oct-25	R 24,801,206.74	R -	R 24,801,206.74	R -	R 24,801,206.74	R -
Nov-25	R 14,866,092.88	R -	R 14,866,092.88	R -	R 14,866,092.88	R -
Dec-25	R 14,866,092.88	R -	R 14,866,092.88	R -	R 14,866,092.88	R -
<b>TOTAL WATER</b>	<b>R 274,894,378.43</b>	<b>R 52,195,303.34</b>	<b>R 222,699,075.09</b>	<b>-R 14,703,680.46</b>	<b>R 207,995,394.63</b>	<b>R -</b>

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, June, July, August, September, October, November and December 2025 account for Water. The February and March 2025 accounts are 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 **R207,995,394.63** 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
- 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 **Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: January 2026**

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.

For the two previous financial years, 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 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, July, August, September, October, November and December 2025 have not been paid. The municipality ratified the short payment on August 2024 and January, April and May 2025 accounts, due to Eskom. Balances are still outstanding for November 2024 and June, July, August, November and December 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 was 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 finalised 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 April 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 14<sup>th</sup> 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, the municipality 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).

In terms of Council resolution number C236/12/25, Council resolved on a Debt Relief Programme afforded to all Sol Plaatje Municipality Customers owing the Municipality for a period equal to or over 90 days. **FULL AND FINAL SETTLEMENT OF ACCOUNT - 50% SETTLEMENT DISCOUNT (ON TOTAL MUNICIPAL ACCOUNT) Valid until 28 February 2026**

## 4.1 Operating Revenue by Source

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - M07 January

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Budget Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity	1,218,923	89,164	602,461	711,039	84.7%	(108,578)	-15.3%	49.4%	(108,578)	-8.9%
Service charges - Water	362,722	36,725	197,249	211,588	93.2%	(14,339)	-6.8%	54.4%	(14,339)	-4.0%
Service charges - Waste Water Management	106,274	9,932	68,346	61,993	110.2%	6,354	10.2%	64.3%	6,354	6.0%
Service charges - Waste management	73,593	7,473	51,849	42,929	120.8%	8,920	20.8%	70.5%	8,920	12.1%
Sale of Goods and Rendering of Services	18,644	566	9,829	10,876	90.4%	(1,047)	-9.6%	52.7%	(1,047)	-5.6%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	142,100	13,890	104,958	82,892	126.6%	22,066	26.6%	73.9%	22,066	15.5%
Interest from Current and Non Current Assets	18,000	493	2,325	10,500	22.1%	(8,175)	-77.9%	12.9%	(8,175)	-45.4%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	29,740	2,247	17,246	17,348	99.4%	(102)	-0.6%	58.0%	(102)	-0.3%
Licence and permits	1,000	48	220	583	37.6%	(364)	-62.4%	22.0%	(364)	-36.4%
Operational Revenue	3,383	276	2,875	1,974	145.7%	901	45.7%	85.0%	901	26.6%
<b>Non-Exchange Revenue</b>										
Property rates	717,920	53,211	482,766	418,786	115.3%	63,980	15.3%	67.2%	63,980	8.9%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	34,743	768	1,395	20,267	6.9%	(18,872)	-93.1%	4.0%	(18,872)	-54.3%
Licence and permits	8,200	2,412	6,505	4,783	136.0%	1,722	36.0%	79.3%	1,722	21.0%
Transfers and subsidies - Operational	323,676	521	235,415	188,811	124.7%	46,603	24.7%	72.7%	46,603	14.4%
Interest	117,020	7,654	58,923	68,262	86.3%	(9,338)	-13.7%	50.4%	(9,338)	-8.0%
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	58,250	977	6,789	33,979	20.0%	(27,190)	-80.0%	11.7%	(27,190)	-46.7%
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3,234,188</b>	<b>226,356</b>	<b>1,849,150</b>	<b>1,886,610</b>	<b>98.0%</b>	<b>(37,460)</b>	<b>-2.0%</b>	<b>57.2%</b>	<b>(37,460)</b>	<b>-1.2%</b>
Transfers and subsidies - capital	684,166	15,887	360,135	399,097	90.2%	(38,962)	-9.8%	52.6%	(38,962)	-5.7%
<b>Total Revenue (including capital transfers and contributions)</b>	<b>3,918,354</b>	<b>242,243</b>	<b>2,209,285</b>	<b>2,285,706</b>	<b>96.7%</b>	<b>(76,422)</b>	<b>-3.3%</b>	<b>56.4%</b>	<b>(76,422)</b>	<b>-2.0%</b>

Table 3: Table C4 Financial Performance (Revenue)

### Comparison against the YTD Budget

#### Exchange Revenue

- ❖ Service charges - Electricity is showing an unsatisfactory variance of minus 15.3%. 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 6.8%. 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 and Refuse is performing satisfactorily and is showing an over-recovery when compared to the YTD budget.
- ❖ Sale of Goods and Rendering of Services is performing unsatisfactorily with a negative variance of minus 9.6%, when compared to the YTD Budget. Revenue from Academic Services: Reg/Tuition/Exam Fee is not materialising.
- ❖ Interest earned from Receivables is showing a positive variance of 26.6% 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 77.9%. 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.

- ❖ Rental from Fixed Assets, is showing a negative variance of 0.6% when compared to the YTD budget.
- ❖ Licences and permits are showing a negative variance of 62.4%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated, 21.95% achievement versus a budget of R1,000 million.
- ❖ Operational Revenue is showing a satisfactory positive variance of 45.7%, as a result on an over-recovery on Commission: Transaction Handling Fees.

### **Non-Exchange Revenue**

- ❖ Property Rates is showing a satisfactory variance of 15.3%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 93.1%, due to an under-recovery on Fines: Law Enforcement that is standing at 6.47% achieved versus a target of R13,000 million. Penalties: Disconnection Fees standing at 2.42% versus a target of R21,500 million, this was due to erroneous penalty charges that needed to be reversed on the system, however there was an error in loading the correct charges which must still be resolved.
- ❖ Licence and permits are showing a satisfactory variance of 36.0%, due to possible outstanding payments due to the Department of Transport, Safety and Liaison.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 24.7%, this is due to the receipt of the second tranche of the Equitable share.
- ❖ Interest is showing an under-recovery of minus 13.7%, as a result of a slight under-recovery for interest from Property rates.
- ❖ Operational Revenue is showing an unsatisfactory variance of minus 80.0%. Revenue from non-exchange transaction for electricity is not materialising but an in-depth investigation must be performed.
- ❖ Transfers and subsidies - Capital is showing a satisfactory variance of minus 9.8% 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 58.33%, the majority of revenue sources are performing satisfactorily.

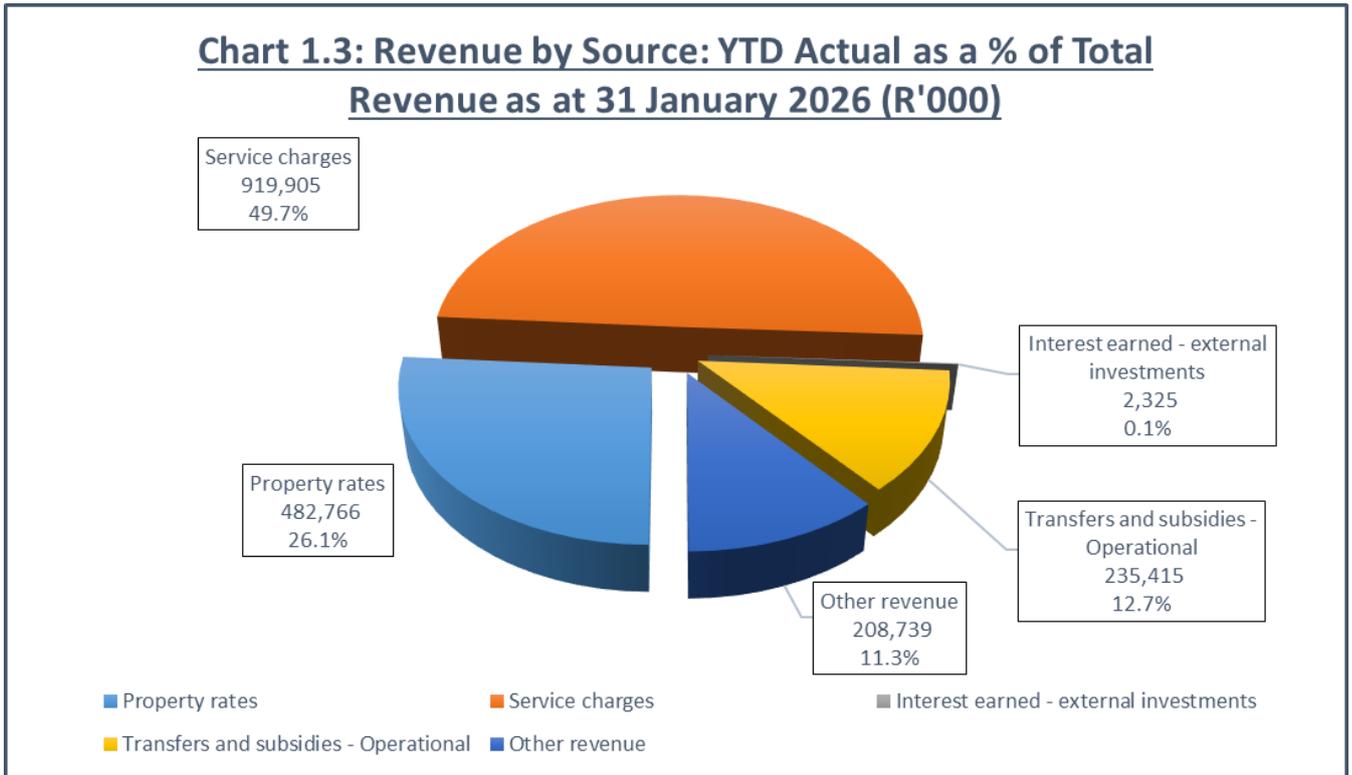
### **Exchange Revenue**

- ❖ 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 minus 5.6%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a positive variance of 15.5%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a negative variance of 45.4%. Same factors are applicable as described in the paragraph above.
- ❖ Rental from Fixed Assets is showing a negative variance of 0.3%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits are showing an unsatisfactory variance of minus 36.4%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a satisfactory variance of 26.6%. Same factors are applicable as described in the paragraph above.

### **Non-Exchange Revenue**

- ❖ Property Rates is showing a positive variance of 8.9%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 54.3%. Same factors are applicable as described in the paragraph above.
- ❖ Licence and permits are showing a satisfactory variance of 21.0%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 14.4%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a negative variance of 46.7%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Capital is showing a satisfactory variance of minus 5.7%. Capital grant expenditure must be monitored continuously. 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 January 2026. The main contributors of the municipality's revenue are Service Charges (49.7%), Property Rates (26.1%) and Other Revenue (11.3%). The weighting is distorted due to the annual billing on Property rates and the receipt of the second tranche of the Equitable share.



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

## 4.2 Operating Expenditure by Type

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Budget Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	1,004,532	73,598	523,877	585,977	89.4%	(62,101)	-10.6%	52.2%	(62,100)	-6.2%
Remuneration of councillors	37,083	2,799	19,556	21,632	90.4%	(2,076)	-9.6%	52.7%	(2,076)	-5.6%
Bulk purchases - electricity	1,000,000	74,304	533,659	601,000	88.8%	(67,341)	-11.2%	53.4%	(49,674)	-5.0%
Inventory consumed	331,852	23,336	166,658	193,580	86.1%	(26,922)	-13.9%	50.2%	(26,922)	-8.1%
Debt impairment	437,149	-	218,574	255,003	85.7%	(36,429)	-14.3%	50.0%	(36,429)	-8.3%
Depreciation and amortisation	90,200	-	-	52,617	0.0%	(52,617)	-100.0%	0.0%	(52,617)	-58.3%
Interest	15,880	-	8,252	7,954	103.7%	298	3.7%	52.0%	(1,011)	-6.4%
Contracted services	45,856	1,730	14,359	26,749	53.7%	(12,390)	-46.3%	31.3%	(12,390)	-27.0%
Transfers and subsidies	4,300	2	1,323	2,508	52.7%	(1,185)	-47.3%	30.8%	(1,185)	-27.6%
Irrecoverable debts written off	-	4	5	-		5			5	
Operational costs	176,654	11,014	110,813	103,048	107.5%	7,765	7.5%	62.7%	7,765	4.4%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	69,000	12,404	38,032	40,250	94.5%	(2,218)	-5.5%	55.1%	(2,218)	-3.2%
<b>Total Expenditure</b>	<b>3,212,506</b>	<b>199,191</b>	<b>1,635,108</b>	<b>1,890,319</b>	<b>86.5%</b>	<b>(255,211)</b>	<b>-13.5%</b>	<b>50.9%</b>	<b>(238,854)</b>	<b>-7.4%</b>

Table 4: Table C4 Financial Performance (Expenditure)

### Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 January 2026 current YTD expenditure shows an unsatisfactory variance of minus 13.5%. The YTD actual amounted to R1,635,108 billion against the YTD Budget of R1,890,319 billion.

- ❖ Employee related costs show an unsatisfactory variance of minus 10.6%, due to Post-retirement benefit obligations that are not factored in and which will only be finalised as part of year-end procedures. There was a moratorium on the filling of non-critical vacancies and the sale of leave has been suspended, except for exiting employees.
- ❖ Remuneration of councillors is showing an unsatisfactory variance of minus 9.6%. 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 an unsatisfactory variance of minus 11.2%. The invoice for January 2026 will be processed during February 2026.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 13.9%. 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.

Table 4.1 R&M Expenditure per Directorate per inventory type						
R&M Expenditure per Directorate per Inventory type as at 31 January 2026 (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 58.33%
<b>VOTE 1 - COUNCILLORS AND ADMIN</b>	<b>140,000</b>	<b>140,000</b>	<b>6,350</b>	<b>38,433</b>	<b>27.45%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	70,000	70,000	-	19,133	27.33%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,000	1,000	-	-	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	69,000	69,000	6,350	19,300	27.97%	UNSATISFACTORY
<b>VOTE 2 - MUNICIPAL AND GENERAL</b>	<b>25,297,000</b>	<b>25,297,000</b>	<b>2,140,826</b>	<b>16,949,435</b>	<b>67.00%</b>	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	755,000	755,000	-	88,473	11.72%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	350,000	340,000	1,019	52,017	14.86%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	24,192,000	24,192,000	2,136,094	16,805,232	69.47%	OVERSPENT
<b>VOTE 3 - MUNICIPAL MANAGER</b>	<b>157,000</b>	<b>157,000</b>	<b>15,378</b>	<b>51,116</b>	<b>32.56%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	140,000	136,000	15,378	39,377	28.13%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	17,000	21,000	-	11,739	69.05%	SATISFACTORY
<b>VOTE 4 - CORPORATE SERVICES</b>	<b>2,304,000</b>	<b>2,304,000</b>	<b>84,928</b>	<b>756,048</b>	<b>32.81%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	871,000	771,000	24,229	397,467	45.63%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	51,000	202,000	20,569	176,265	345.62%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	650,000	650,000	-	87,529	13.47%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	732,000	681,000	40,131	94,788	12.95%	UNSATISFACTORY
<b>VOTE 5 - COMMUNITY SERVICES</b>	<b>33,989,400</b>	<b>33,989,400</b>	<b>1,897,496</b>	<b>11,407,647</b>	<b>33.56%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,021,000	1,113,500	52,784	344,144	33.71%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	48,000	48,000	-	1,934	4.03%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	217,000	282,000	37,582	181,682	83.72%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,116,000	1,051,000	49,641	537,774	48.19%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	9,204,000	9,161,000	705,718	3,128,986	34.00%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	336,400	336,400	1,109	91,119	27.09%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	22,047,000	21,997,500	1,050,662	7,122,009	32.30%	UNSATISFACTORY
<b>VOTE 6 - FINANCIAL SERVICES</b>	<b>2,190,000</b>	<b>2,190,000</b>	<b>103,996</b>	<b>1,234,209</b>	<b>56.36%</b>	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,226,000	1,283,000	85,900	755,281	61.61%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	172,000	166,000	5,104	75,762	44.05%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	180,000	155,000	-	32,232	17.91%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	612,000	586,000	12,992	370,934	60.61%	SATISFACTORY
<b>VOTE 7 - STRATEGY &amp; ECONOMIC DEVELOPMENT</b>	<b>11,968,000</b>	<b>11,968,000</b>	<b>190,303</b>	<b>2,297,274</b>	<b>19.20%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	387,000	404,000	-	126,104	32.59%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	65,000	65,000	5,003	20,622	31.73%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	410,000	386,000	-	41,962	10.23%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	14,000	14,000	-	-	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	11,092,000	11,099,000	185,300	2,108,585	19.01%	UNSATISFACTORY
<b>VOTE 8 - INFRASTRUCTURE SERVICES</b>	<b>255,806,914</b>	<b>255,806,914</b>	<b>18,896,552</b>	<b>133,923,914</b>	<b>52.35%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	620,000	620,000	47,959	221,718	35.76%	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	2,448,471	15,097,718	65.16%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,845,000	1,845,000	137,802	688,722	37.33%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	10,040,000	10,040,000	822,297	4,127,506	41.11%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	575,000	575,000	3,598	28,187	4.90%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	146,553,914	146,553,914	7,496,077	73,522,902	50.17%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	73,000,000	7,940,347	40,237,161	55.12%	SATISFACTORY
<b>Grand Total</b>	<b>331,852,314</b>	<b>331,852,314</b>	<b>23,335,830</b>	<b>166,658,076</b>	<b>50.22%</b>	UNSATISFACTORY

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 31 January 2026 (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 58.33%
<b>2480 - REFUSE</b>	<b>20,450,000</b>	<b>20,450,000</b>	<b>1,345,270</b>	<b>6,988,133</b>	<b>34.17%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	100,000	100,000	3,385	6,939	6.94%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	150,000	150,000	4,539	30,865	20.58%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,400,000	6,400,000	673,258	2,678,255	41.85%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	867	2,772	2.77%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	13,700,000	13,700,000	663,220	4,269,302	31.16%	UNSATISFACTORY
<b>2830 - ROADS</b>	<b>44,461,000</b>	<b>44,461,000</b>	<b>431,798</b>	<b>25,404,355</b>	<b>57.14%</b>	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	68,000	68,000	3,215	22,208	32.66%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	67,000	67,000	9,319	22,837	34.08%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	44,326,000	44,326,000	419,264	25,359,310	57.21%	SATISFACTORY
<b>2840 - HOUSING</b>	<b>3,407,000</b>	<b>3,407,000</b>	<b>240,298</b>	<b>2,023,374</b>	<b>59.39%</b>	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	121,000	121,000	21,127	44,826	37.05%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	135,000	135,000	43,842	106,498	78.89%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	140,000	140,000	15,616	73,044	52.17%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,010,000	3,010,000	159,714	1,799,006	59.77%	SATISFACTORY
<b>2850 - SEWERAGE</b>	<b>27,165,000</b>	<b>27,165,000</b>	<b>1,068,136</b>	<b>16,932,086</b>	<b>62.33%</b>	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	35,000	35,000	316	13,863	39.61%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	170,000	-	111,780	65.75%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	295,000	295,000	45,304	125,325	42.48%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,900,000	2,900,000	304,285	1,359,049	46.86%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	-	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,665,000	23,665,000	718,232	15,322,069	64.75%	OVERSPENT
<b>2860 - WATER</b>	<b>129,773,000</b>	<b>129,773,000</b>	<b>12,577,729</b>	<b>68,939,639</b>	<b>53.12%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	76,000	76,000	11,342	40,918	53.84%	SATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,001,000	23,001,000	2,448,471	14,985,938	65.15%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	141,000	141,000	11,280	66,709	47.31%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,500,000	2,500,000	120,292	848,581	33.94%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	475,000	475,000	3,598	28,187	5.93%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	30,580,000	30,580,000	2,042,399	12,732,145	41.64%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	73,000,000	7,940,347	40,237,161	55.12%	SATISFACTORY
<b>2880 - ELECTRICITY</b>	<b>53,268,000</b>	<b>53,268,000</b>	<b>4,048,113</b>	<b>19,750,354</b>	<b>37.08%</b>	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	180,000	180,000	11,958	62,478	34.71%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	87,000	87,000	7,286	29,203	33.57%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	53,000,000	53,000,000	4,028,869	19,658,674	37.09%	UNSATISFACTORY
<b>Grand Total</b>	<b>278,524,000</b>	<b>278,524,000</b>	<b>19,711,345</b>	<b>140,037,941</b>	<b>50.28%</b>	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 monthly and the matter must still be resolved. The matter should have been resolved once the audit process was completed. The matter will be taken up with the service provider.
- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the third quarter will be processed before the end of March 2026.
- ❖ Interest is showing a satisfactory variance of 3.7%. 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 R37,735 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 46.3%, as various line items is showing lower expenditure than anticipated.
- ❖ Transfers and subsidies showing negative variance of minus 47.3%. 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.
- ❖ The movement under Irrecoverable debts written off is an error and needs to be investigated.
- ❖ Operational cost is showing an unsatisfactory variance of 7.5%. The municipality is offering a 10% discount on the early settlement of a consumer's municipal bill. This discount is reflected as an expense under OC: Cash Discount of R25,487 million with a zero budget, but these costs will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The pro-rata split is done manually between Property rates and

service charges, excluding Electricity Revenue because the system cannot handle the automated split per Revenue source.

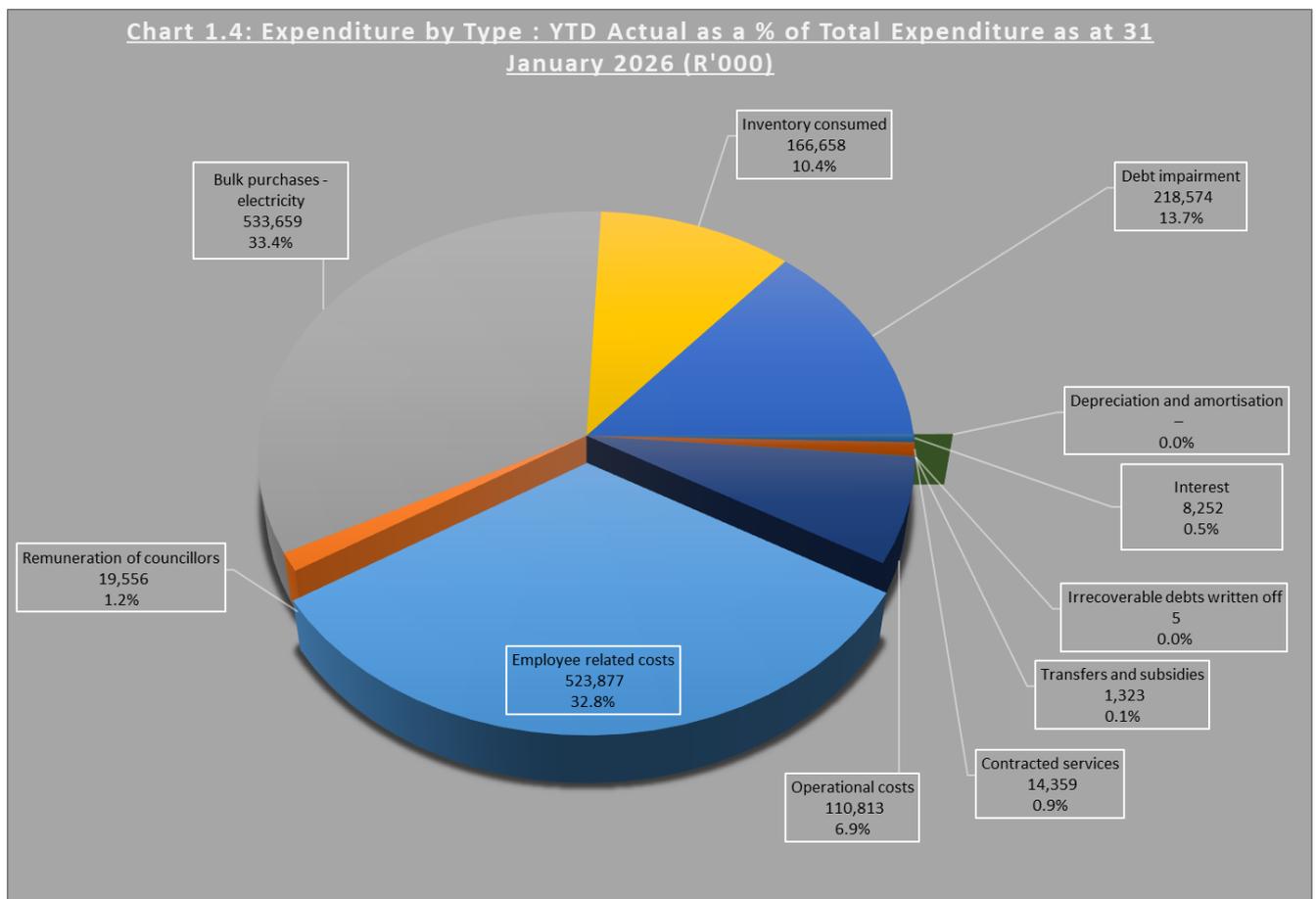
The YTD actual on OC: Professional Bodies M/Ship & Subs is R9,962 million for predominantly annual SALGA membership fees. Monthly payments are being made to SALGA amounting to R1,241 million.

- ❖ Other Losses is showing a satisfactory variance of minus 5.5%. 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 November and December 2025 was 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 January 2026 is 58.33%. The total operational expenditure against the Original budget is 50.9% spent, resulting in a satisfactory variance of minus 7.4%.

- ❖ Employee related costs show a satisfactory variance of minus 6.2%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 5.6%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of minus 5.0%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 8.1%. Same factors are applicable as explained above.
- ❖ Debt impairment is showing a satisfactory variance of minus 8.3%. Same factors are applicable as explained above.
- ❖ Depreciation shows an unsatisfactory variance of minus 58.3%. Same factors are applicable as explained above.
- ❖ Interest is showing a satisfactory variance of minus 6.4%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is unsatisfactory at minus 27.0%, when compared to the Original budget. The YTD expenditure is lower than anticipated.
- ❖ Transfers and subsidies show an unsatisfactory variance of minus 27.6%. Same factors are applicable as explained above.
- ❖ Operational cost is showing a satisfactory variance of 4.4%. Same factors are applicable as explained above.
- ❖ Other Losses is showing an unsatisfactory variance of minus 3.2%. Same factors are applicable as explained above.



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

Also indicated in Chart 1.4 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 January 2026. The main cost drivers of the municipality are Employee Related Costs (32.8%), Bulk Purchases – Electricity (33.4%), Debt Impairment (13.7%) and Inventory consumed (10.4%).

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 must still be finalized. This should have transpired, once the audit process was finalised. The matter will be taken up with the service provider.
- ❖ Interest on the long-term borrowing is paid bi-annually in December and June of each year
- ❖ Debt Impairment is provided for, quarterly. The journal for the third quarter will be processed before the end of March 2026.
- ❖ The Eskom account for January 2026 will be captured during February 2026.

## **Bulk Purchases: Electricity, Water inventory and Water losses**

- ❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 58.33% as at end of January 2026, Bulk Purchases Electricity is showing a satisfactory variance of minus 4.97%. The bulk invoice for January 2026 will be processed during February 2026.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
BULK PURCHASES: ELECTRICITY	1,000,000,000	74,303,774	533,658,894	53.37%	-4.97%
<b>Total</b>	<b>1,000,000,000</b>	<b>74,303,774</b>	<b>533,658,894</b>	<b>53.37%</b>	<b>-4.97%</b>

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 3.2%, when compared to the ideal percentage of 58.33%. 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 November and December 2025 was processed on the system.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
INVENTORY - WATER	73,000,000	7,940,347	40,237,161	55.12%	-3.21%
NON-REVENUE WATER LOSSES	69,000,000	12,403,776	38,032,385	55.12%	-3.21%
<b>Total</b>	<b>142,000,000</b>	<b>20,344,123</b>	<b>78,269,545</b>	<b>55.1%</b>	<b>-3.2%</b>

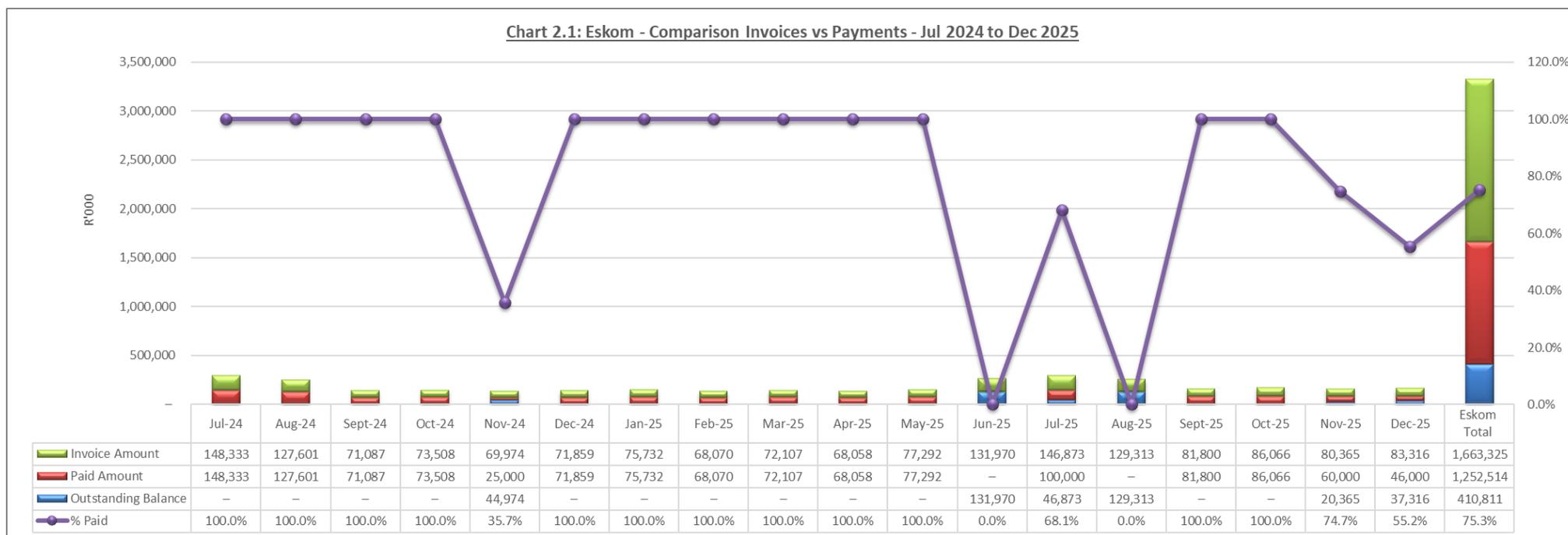
Table 5.2: Summary of YTD Bulk Water expenditure

## Outstanding debt: ESKOM

ESKOM - Outstanding debt (R'000)	Sum of Invoice amount	Sum of Bulk Payments (2023/24, 2024/25 & 2025/26)	Sum of Interest written-off	Sum of Debt written off Bulk account	Sum of Outstanding Balance	Sum of Arrear Debt	Sum of Interest Charges
<b>2021/22</b>	<b>275,682</b>	<b>-</b>		<b>(248,128)</b>	<b>275,682</b>	<b>275,682</b>	<b>-</b>
Oct-21	-	-		(51,028)	-	-	-
Nov-21	-	-		(50,813)	-	-	-
Dec-21	-	-		(51,379)	-	-	-
Jan-22	-	-		(53,401)	-	-	-
Feb-22	9,938	-		(41,507)	9,938	9,938	-
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	-
<b>2022/23</b>	<b>389,602</b>	<b>103,242</b>	<b>(37,482)</b>		<b>248,878</b>	<b>248,878</b>	<b>-</b>
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)		-	-	-
<b>2023/24</b>	<b>975,208</b>	<b>819,809</b>	<b>(69,632)</b>		<b>85,767</b>	<b>85,767</b>	<b>-</b>
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)		-	-	-
<b>2024/25</b>	<b>1,055,591</b>	<b>878,647</b>	<b>-</b>		<b>176,944</b>	<b>176,944</b>	<b>19,389</b>
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
<b>2025/26</b>	<b>695,869</b>	<b>373,866</b>	<b>-</b>		<b>322,003</b>	<b>233,868</b>	<b>37,735</b>
Jul-25	146,873	100,000	-		46,873	46,873	5,424
Aug-25	129,313	-	-		129,313	129,313	4,112
Sept-25	81,800	81,800	-		-	-	4,264
Oct-25	86,066	86,066	-		-	-	7,375
Nov-25	80,365	60,000	-		20,365	20,365	4,432
Dec-25	83,316	46,000	-		37,316	37,316	6,844
Jan-26	88,135	-	-		88,135	-	5,284
<b>Grand Total ESKOM</b>	<b>3,391,952</b>	<b>2,175,564</b>	<b>(107,114)</b>	<b>(248,128)</b>	<b>1,109,274</b>	<b>1,021,139</b>	<b>57,124</b>

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to Eskom amounting to R1,109,274 billion. The first debt write off of R248 million must still be effected in the municipality's books. The total arrear debt amounts to R1,021,139 billion summarized as follow 2021/22 (R275,682m); 2022/23 (R248,878m); 2023/24 (R85,767m); 2024/25 (R176,944m) and 2025/26 (R233,868m). The total interest charges on overdue accounts for the current financial year amounted to R37,735 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 January 2026 is excluded because it is not yet due and payable. It will also distort the percentage paid. The YTD actual until December 2025 show that 75.3% of invoices were settled, based on invoices raised of R1,663,325 billion versus payments of R1,252,514 billion. The percentage on partially paid invoices are November 2024 (35.7%); June 2025 (0%); July 2025 (68.1%); August 2025 (0%), November 2025 (74.7%) and December 2025 (55.2%). The total arrear outstanding balance for the period July 2024 to December 2025 amounts to R410,811 million.

## Outstanding debt: DWS

DWS - Outstanding debt (R'000)	Sum of Invoice amount	Sum of Bulk Payments (2023/24, 2024/25 & 2025/26)	Sum of Outstanding Balance	Sum of Arrear Debt
<b>2021/22</b>	<b>126,431</b>	<b>88,873</b>	<b>37,558</b>	<b>37,558</b>
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
<b>2023/24</b>	<b>150,526</b>	<b>150,526</b>	<b>–</b>	<b>–</b>
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	–	–
<b>2024/25</b>	<b>162,756</b>	<b>88,492</b>	<b>74,264</b>	<b>74,264</b>
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
<b>2025/26</b>	<b>140,979</b>	<b>–</b>	<b>140,979</b>	<b>110,877</b>
Jul-25	21,434	–	21,434	21,434
Aug-25	14,866	–	14,866	14,866
Sept-25	20,043	–	20,043	20,043
Oct-25	24,801	–	24,801	24,801
Nov-25	14,866	–	14,866	14,866
Dec-25	14,866	–	14,866	14,866
Jan-26	30,103	–	30,103	
<b>Grand Total</b>	<b>580,692</b>	<b>327,891</b>	<b>252,802</b>	<b>222,699</b>

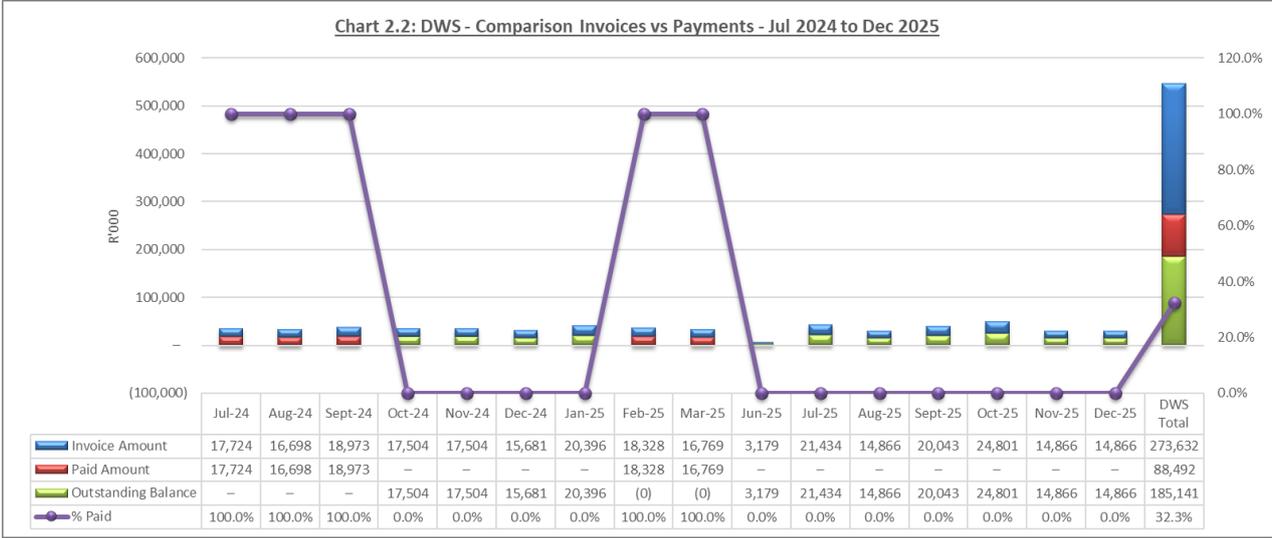
Table 6.2: Summary of outstanding DWS debt

Indicated in Table 6.2 above, is the total outstanding debt owed to DWS which amounts to R252,802 million. The total debt must be concurred with the Department. The total arrear debt amounts to R222,699 million which pertains to outstanding invoices for 2021/22 (R37,558m); 2024/25 (74,264m) and 2025/26 (R110,877m). 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 and December 2024 and January, March, June, July, August, September, October, November and December 2025 account.

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, June, July, August, September, October, November and December 2025 invoices. The February and March 2025 accounts were settled. The municipality incurred accumulative arrear debt for the prior and current year of R222 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 been 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 December 2025. The current account for January 2026 is excluded because it is not yet due and payable. The YTD actual until December 2025 show that 32.3% of invoices were settled, based on invoices raised of R273,632 million versus payments of R88,492 million. Invoices for July to September 2024, February and March 2025 were settled in full, whilst the invoices for October 2024 to January 2025, June, July, August, September, October, November and December 2025 remain unpaid. The total arrear outstanding balance for the period July 2024 to November 2025 amounts to R185,141 million.

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

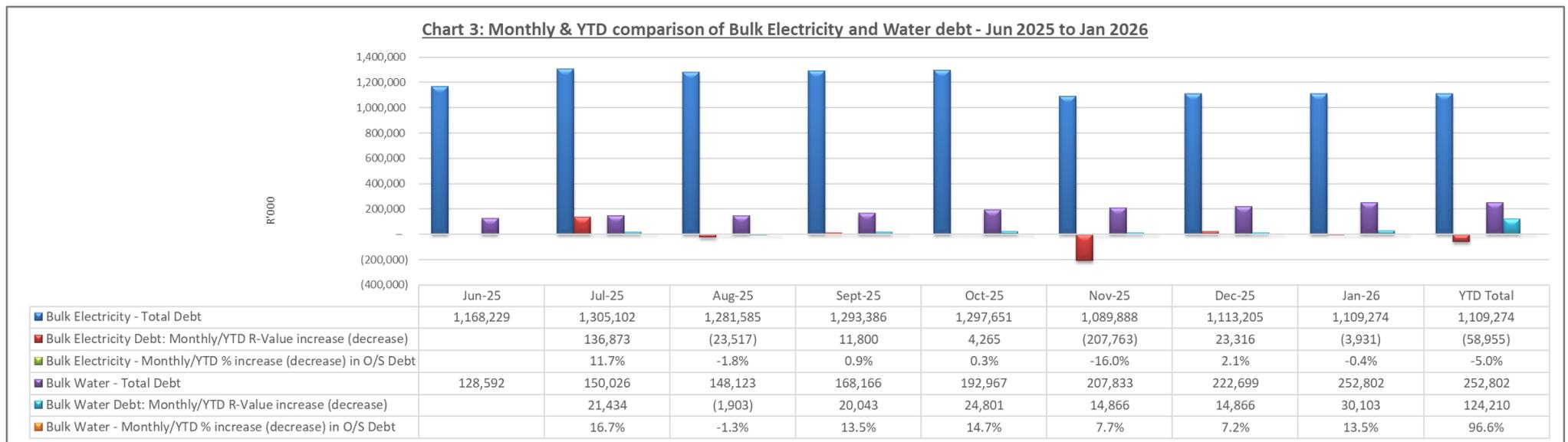


**Chart 2.3: Monthly payments to DWS & ESKOM**

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 January 2026.

**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 during the 2024/25 financial year invoices for October 2024 to January 2025, June, July, August, September, October, November and December 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 made a payment of R46,065 million on the October 2025 account that is fully settled. Partial payment of R46 million was made on the December 2025 account during January 2026. 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 R506,696 million, resulting in the total payments for the three periods amounting to R2,175,564 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 December 2025 to January 2026, debt owed to ESKOM decreased by R3,931 million or 0.4%, from R1,113,205 billion to R1,109,274 billion. When comparing the total outstanding debt to June 2025, the outstanding debt decreased by R58,955 million or 5.0%, from R1,168,229 billion to R1,109,274 billion. It should be noted that the debt write off for the first cycle is taken into account.

**DWS** - From December 2025 to January 2026, debt owed to DWS increased by R30,103 million or 13.5% from R222,699 million to R252,802 million. When comparing the total outstanding debt to June 2025, the outstanding debt increased by R124,210 million or 96.6% from R128,592 million to R252,802 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 and 2025/26 financial year, although the municipality started the financial year well, with the July to September 2024 accounts being settled in full, the municipality defaulted on the October, November and December 2024 and January, March, June, July, August, September, October, November and December 2025 accounts which remains unpaid. The February and March 2025 accounts were settled in full. 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
20	2025/09/30								R 6,700,000.00
21	2025/10/30								R 6,700,000.00
22	2025/11/30								R 6,700,000.00
23	2025/12/30								R 6,700,000.00
24	2026/01/30								R 6,700,000.00
<b>TOTAL</b>					<b>R 49,162,000.00</b>		<b>R 113,900,000.00</b>		<b>R 113,900,000.00</b>

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 R113,900,000 million.

Table 6.4: Reconciliation Eskom Payment Arrangement

Debt agreement (Instalment R5,957,537.18)	Invoice amount	Arrear Debt	10 % Down Payment	Amount paid	Balance O/S on Debt Agreement
INTEREST CHARGES - APR TO JUN 2022	R 6,191,399.16	R 6,191,399.16			R 6,191,399.16
AUG 2021 BULK ACCOUNT	R 15,074,754.70	R 15,074,754.70		R 15,074,754.70	-
SEP 2021 BULK ACCOUNT	R 15,794,682.80	R 15,794,682.80		R 15,794,682.80	-
OCT 2021 BULK ACCOUNT	R 15,275,086.61	R 15,275,086.61		R 15,275,086.61	-
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	-
<b>Total Debt as per SPM</b>	<b>R 174,076,331.87</b>	<b>R 157,684,572.81</b>	<b>R 16,391,759.06</b>	<b>R 136,517,943.57</b>	<b>R 37,558,388.30</b>
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
<b>TOTAL INTEREST CHARGES</b>	<b>-R 14,703,680.46</b>				<b>-R 14,703,680.46</b>
<b>NET OUTSTANDING</b>	<b>R 159,372,651.41</b>			<b>R 136,517,943.57</b>	<b>R 22,854,707.84</b>

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.

Table 6.5: Reconciliation DWS Debt Agreement

### 4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - M07 January										
Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Budget Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	627,331	15,882	312,701	365,943	85.45%	(53,242)	-14.5%	49.8%	(53,242)	-8.5%
Funded by										
Capital transfers recognised	594,927	15,882	307,752	347,041	88.68%	(39,289)	-11.3%	51.7%	(39,289)	-6.6%
Internally generated funds	32,404	-	4,949	18,903	26.2%	(13,954)	-73.8%	15.3%	(13,954)	-43.1%
Weighting Capital transfer recognised	94.8%	100.0%	98.4%	94.8%						
Weighting Internally generated funds	5.2%	0.0%	1.6%	5.2%						

Table 7: High level summary: Capital Expenditure

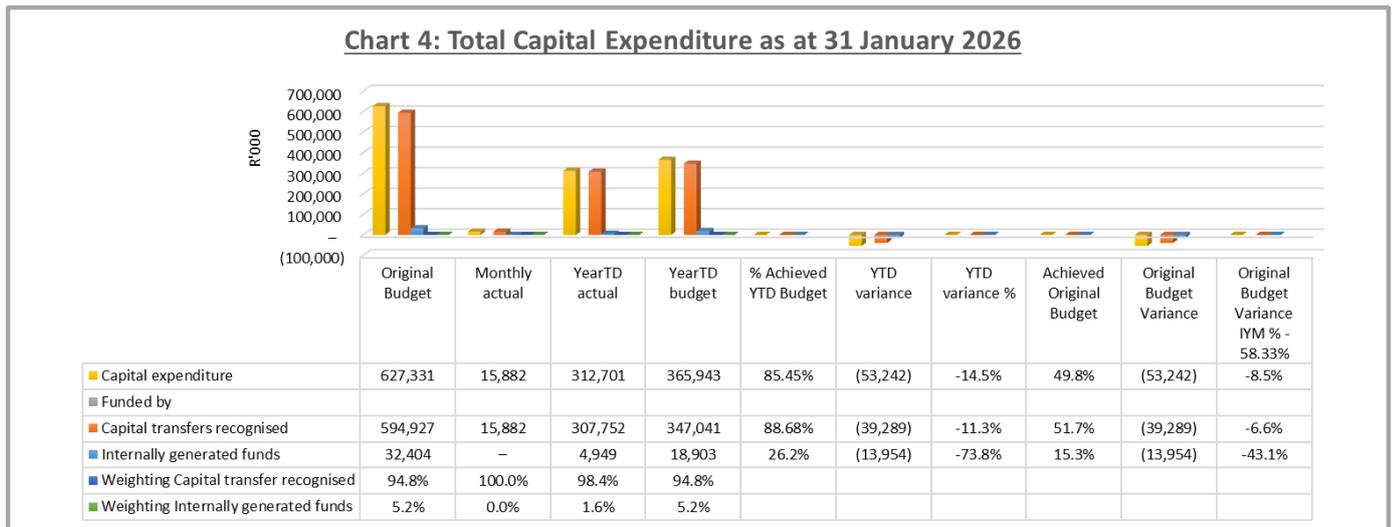
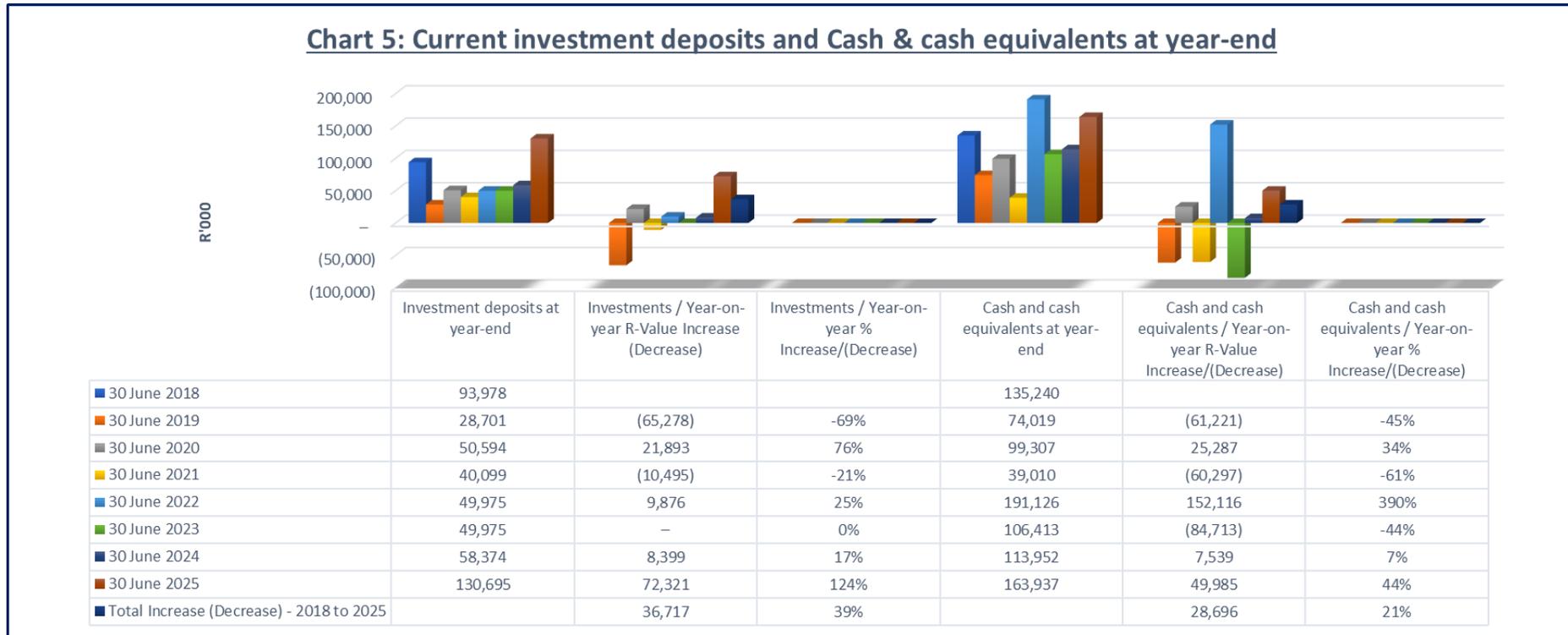


Chart 4: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of January 2026 amounted to R312,701 million and 85.45% spent when compared to the YTD budget of R365,943 million and 49.8% spent when compared to the Original Budget of R627,331 million. The total YTD capex is funded from Capital grants R307,752 million (98.4%) and Internally generated funds R4,949 million (1.6%). Capex is slightly lower than anticipated but shows improvement when comparing the actual to the YTD budget. 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.

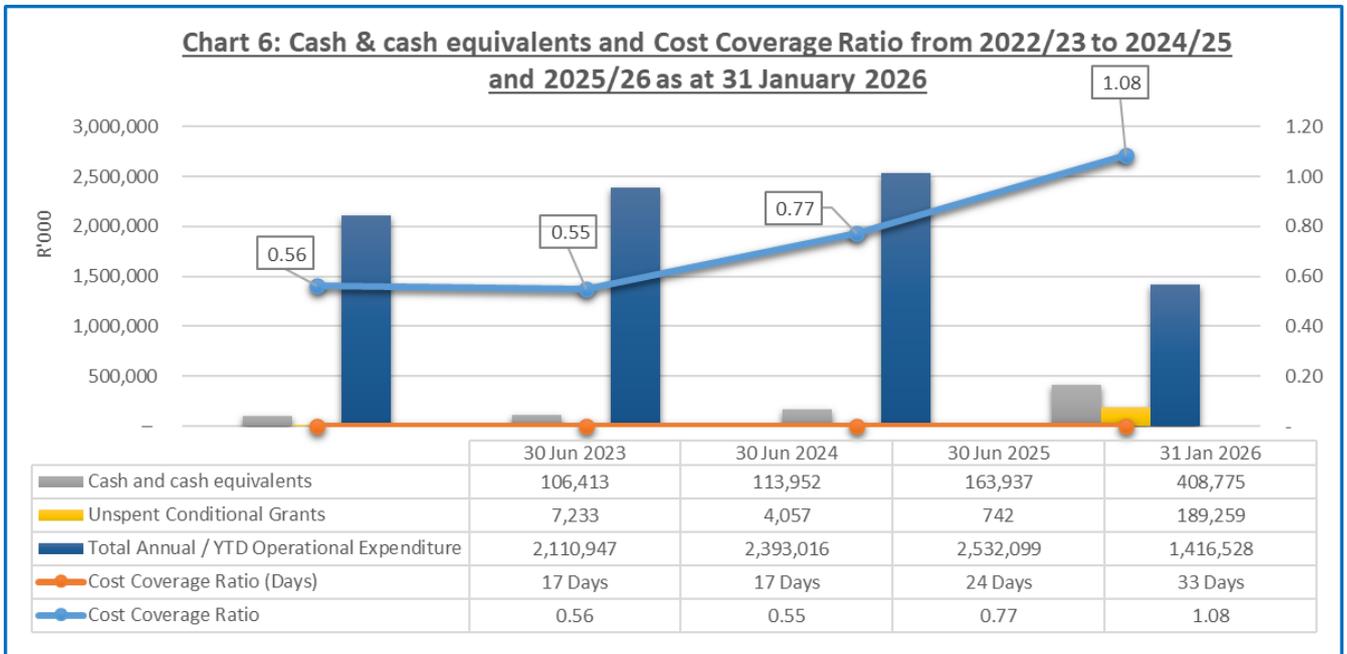
The majority of capital projects are based on a functionality criteria. Bidders either do not meet the functionality criteria or submit incomplete tender documents resulting in bidders being non-responsive. And due to the non-responsiveness of bidders, these bids unfortunately have to be re-advertised. 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: 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, 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 audited outcome for the year ended 30 June 2025 is (0.77; 24 days; R163,937m). The Cost coverage ratio as at 31 January 2026 is calculated at (1.08; 33 days; R408,775m). Unspent conditional grants amounted to R189,259 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 and 2025/26 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										
R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	43,540	4.7%	24,383	2.7%	23,951	2.6%	825,383	90.0%	917,256	20.1%
Trade and Other Receivables from Exchange Transactions - Electricity	53,209	15.0%	18,380	5.2%	15,637	4.4%	267,363	75.4%	354,589	7.8%
Receivables from Non-exchange Transactions - Property Rates	47,632	5.0%	21,580	2.3%	18,748	2.0%	862,238	90.7%	950,199	20.8%
Receivables from Exchange Transactions - Waste Water Management	10,046	3.0%	7,640	2.3%	7,010	2.1%	309,136	92.6%	333,831	7.3%
Receivables from Exchange Transactions - Waste Management	8,217	3.2%	5,819	2.3%	5,317	2.1%	237,706	92.5%	257,059	5.6%
Receivables from Exchange Transactions - Property Rental Debtors	962	.9%	932	.9%	933	.9%	105,521	97.4%	108,348	2.4%
Interest on Arrear Debtor Accounts	20,847	1.7%	20,313	1.7%	23,305	1.9%	1,145,306	94.7%	1,209,772	26.5%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
Other	7,711	1.7%	5,535	1.3%	20,733	4.7%	407,666	92.3%	441,645	9.7%
<b>Total By Income Source</b>	<b>192,163</b>	<b>4.2%</b>	<b>104,582</b>	<b>2.3%</b>	<b>115,635</b>	<b>2.5%</b>	<b>4,160,319</b>	<b>91.0%</b>	<b>4,572,699</b>	<b>100.0%</b>
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	28,146	3.6%	17,590	2.2%	16,524	2.1%	720,716	92.0%	782,976	17.1%
Commercial	65,871	8.8%	22,284	3.0%	19,391	2.6%	639,211	85.6%	746,757	16.3%
Households	95,458	3.3%	62,346	2.1%	76,998	2.7%	2,665,112	91.9%	2,899,914	63.4%
Other	2,688	1.9%	2,362	1.7%	2,722	1.9%	135,280	94.6%	143,052	3.1%
<b>Total By Customer Group</b>	<b>192,163</b>	<b>4.2%</b>	<b>104,582</b>	<b>2.3%</b>	<b>115,635</b>	<b>2.5%</b>	<b>4,160,319</b>	<b>91.0%</b>	<b>4,572,699</b>	<b>100.0%</b>

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 R4,572,699 billion as at the end of January 2026 and the bulk of SPM's debt is aged over 90 days with an overall weighting of 91.0%.

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

- ❖ Interest on Arrear Debtor Accounts at 94.7% and Other at 92.3%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 97.4%
- ❖ Receivables from Exchange Transactions – Property Rates (90.7%); Waste Water Management (92.6%) and Waste Management (92.5%).

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

- ❖ Receivables from Non-exchange Transactions - Property Rates at 20.8%
- ❖ Interest on Arrear Debtor Accounts 26.5%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 20.1%

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.

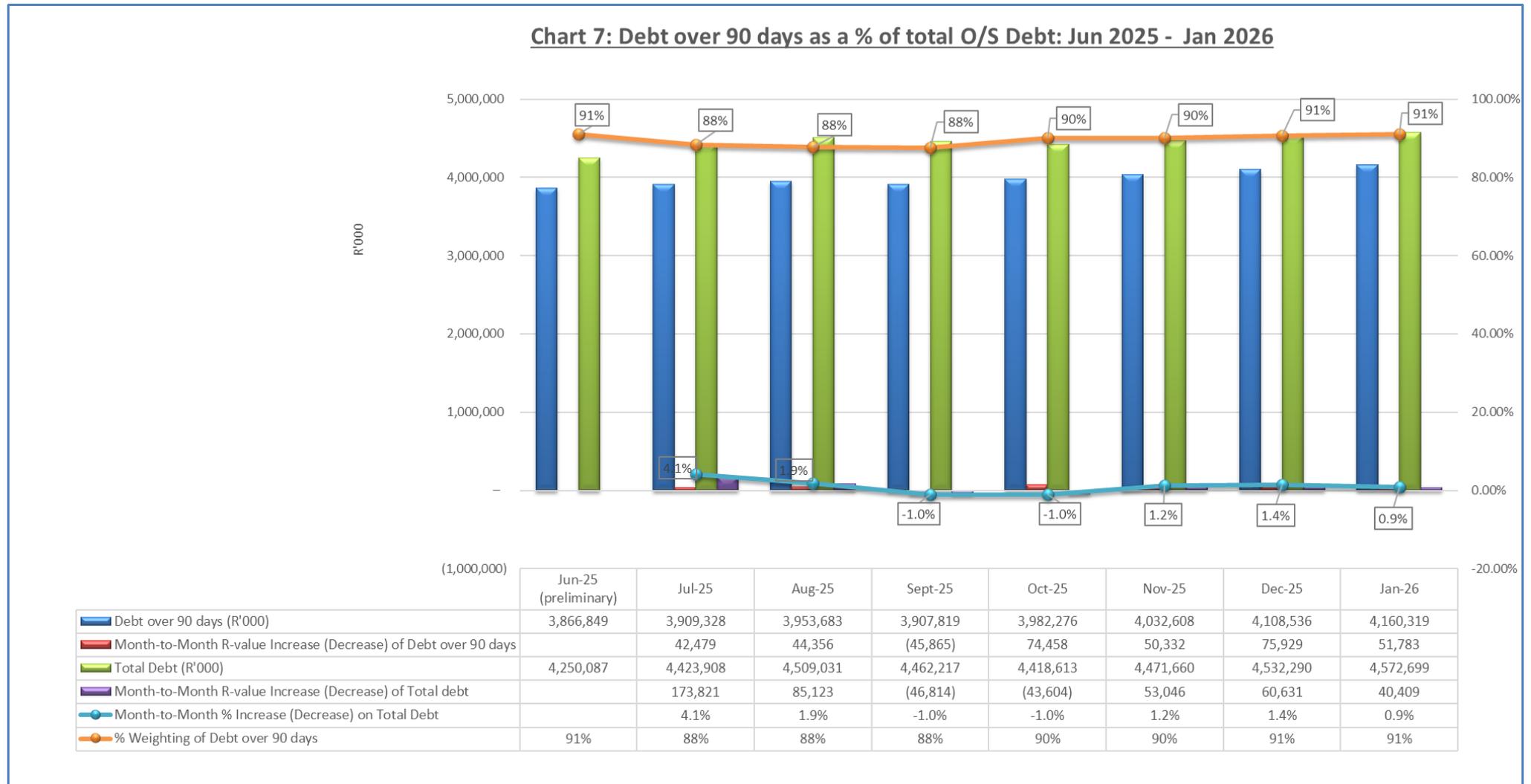
The percentage weighting of debt owed by Customer Group, over 90 days is:

- ❖ Organs of State at 92%; Commercial at 85.6%; Households at 91.9% and Other at 94.6%.

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

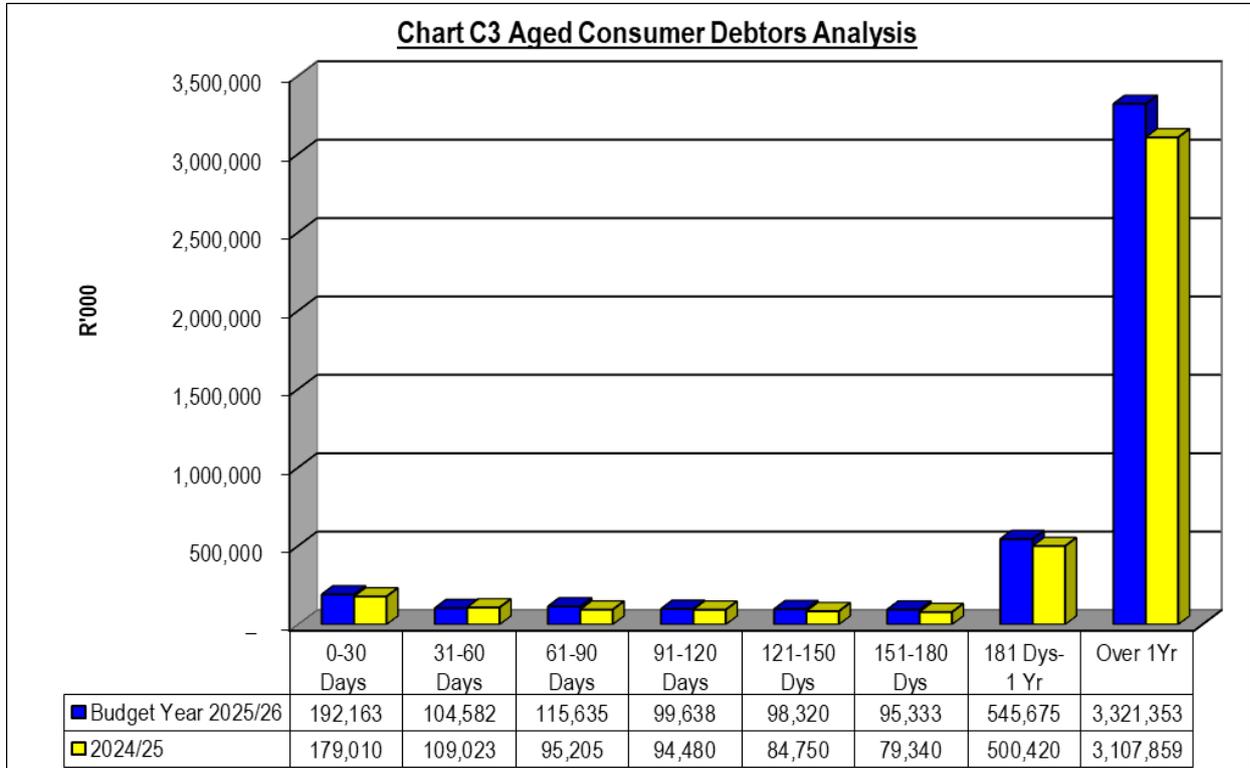
- ❖ Organs of state at 17.1%, total debt outstanding is R782,976 million
- ❖ Businesses at 16.3%, total debt outstanding is R746,757 million
- ❖ Households at 63.4%, total debt outstanding is R2,899,914 billion
- ❖ Other at 3.1%, total debt outstanding is R143,052 million.

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 91% for the month under review. Debt over 90 days increased by R51,783 million in respect of the month-to-month comparison. The month-to-month increase, on total debt amounted to R40,409 million. It is concerning that total debt over 90 days is hovering at an average of 90 percent.

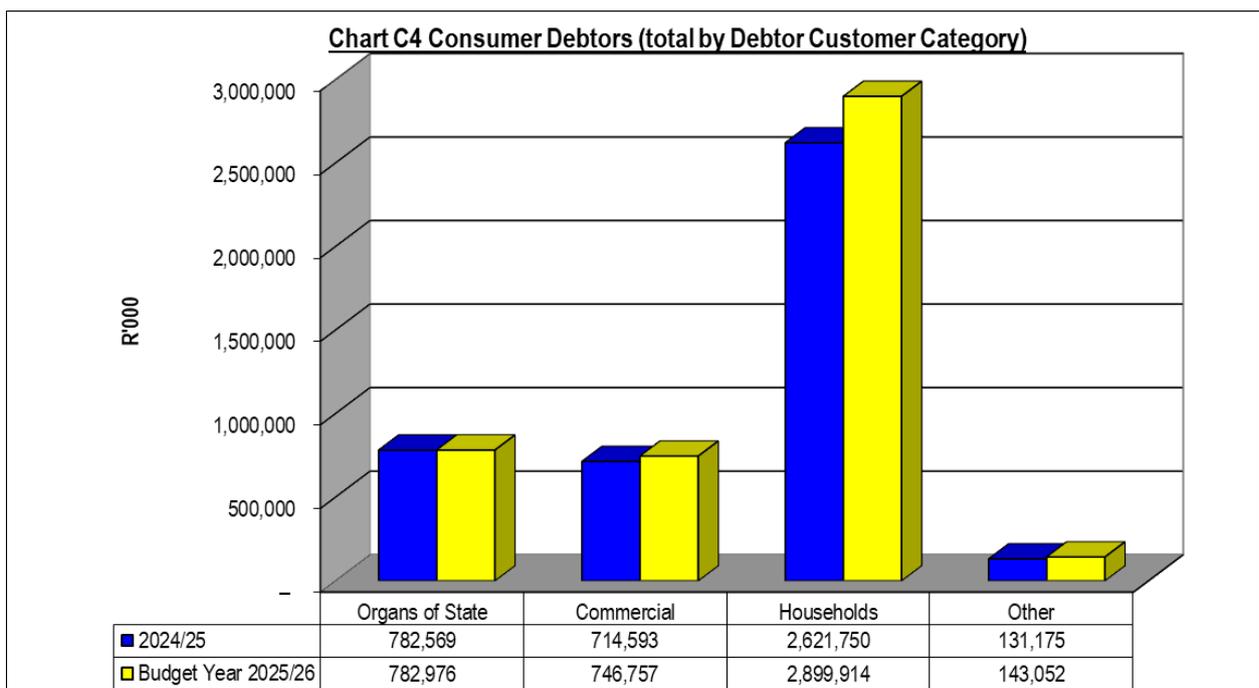


**Chart 7: Debt over 90 days as a percentage of Total O/S Debt**

- There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2024/25. This error affected Chart C3 Aged Consumer Debtors Analysis. The problem has been resolved by our financial system provider (BCX). However, the totals are for January 2025, this will have to be confirmed with NT, if it is for the same period of the prior year or the audited outcomes that are required. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 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 December 2025 and received in January 2026, the monthly collection rate is 67%, for Property Rates and Service charges only. When including Other billing and receipts, the monthly collection rate is 62%. It should be noted that receipts are aligned to the billing cycle which is normally from the 26<sup>th</sup> of the prior month to the 25<sup>th</sup> of the current month. The monthly collection rate is not satisfactory for the month under review. Unallocated receipts amounted to R15,367 million and will be allocated during February 2026. 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 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 January to 31 January 2026. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, had until the end of September 2025 to settle their outstanding accounts.

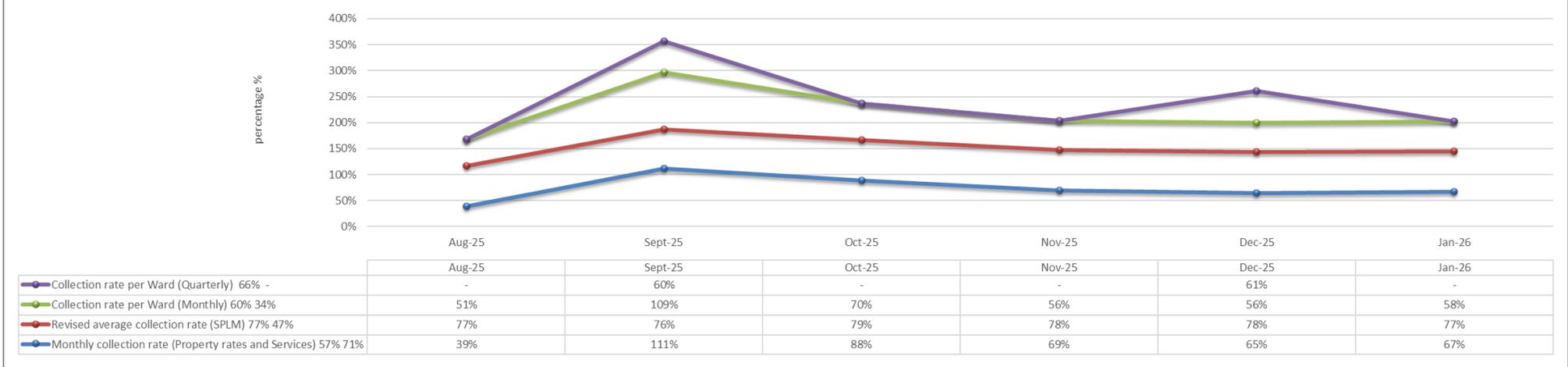
	<b>Debits (Billed December 2025)</b>	<b>Credits (Received January 2026)</b>	<b>% Collected</b>
<b>Monthly Collection Rate</b>			
PROPERTY RATES	53,220,618	34,841,170	65%
ELECTRICITY	47,629,001	43,610,399	92%
WATER	31,389,181	15,639,152	50%
SEWERAGE	10,576,078	4,210,711	40%
REFUSE	8,444,384	3,601,795	43%
<b>PROPERTY RATES &amp; SERVICES</b>	<b>151,259,263</b>	<b>101,903,227</b>	<b>67%</b>
OTHER	25,378,057	7,697,598	30%
<b>TOTAL</b>	<b>176,637,319</b>	<b>109,600,825</b>	<b>62%</b>

Table 9: Monthly collection rate

<b>REVENUE BY SOURCE</b>	<b>YTD ACTUAL JANUARY 2026</b>	<b>YTD RECEIPTS</b>	<b>Rate</b>
PROPERTY RATES	R 482,766,134	R 342,489,544	<b>70.9%</b>
SERVICE CHARGE ELECTRICITY	R 381,320,483	R 346,889,056	<b>91.0%</b>
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 221,140,527	R 221,140,527	<b>100.0%</b>
SERVICE CHARGE WATER	R 197,248,752	R 104,561,513	<b>53.0%</b>
SERVICE CHARGE SANITATION	R 68,346,497	R 31,149,399	<b>45.6%</b>
SERVICE CHARGE REFUSE	R 51,848,758	R 27,073,588	<b>52.2%</b>
SERVICE CHARGES NON-EXCHANGE	R 6,788,982	R 1,488,627	<b>21.9%</b>
UNALLOCATED CREDITS		R 15,366,970	
<b>REVISED AVERAGE COLLECTION RATE - JANUARY 2026</b>	<b>R 1,409,460,133</b>	<b>R 1,090,159,222</b>	<b>77.3%</b>

Table 10: Revised Average collection rate

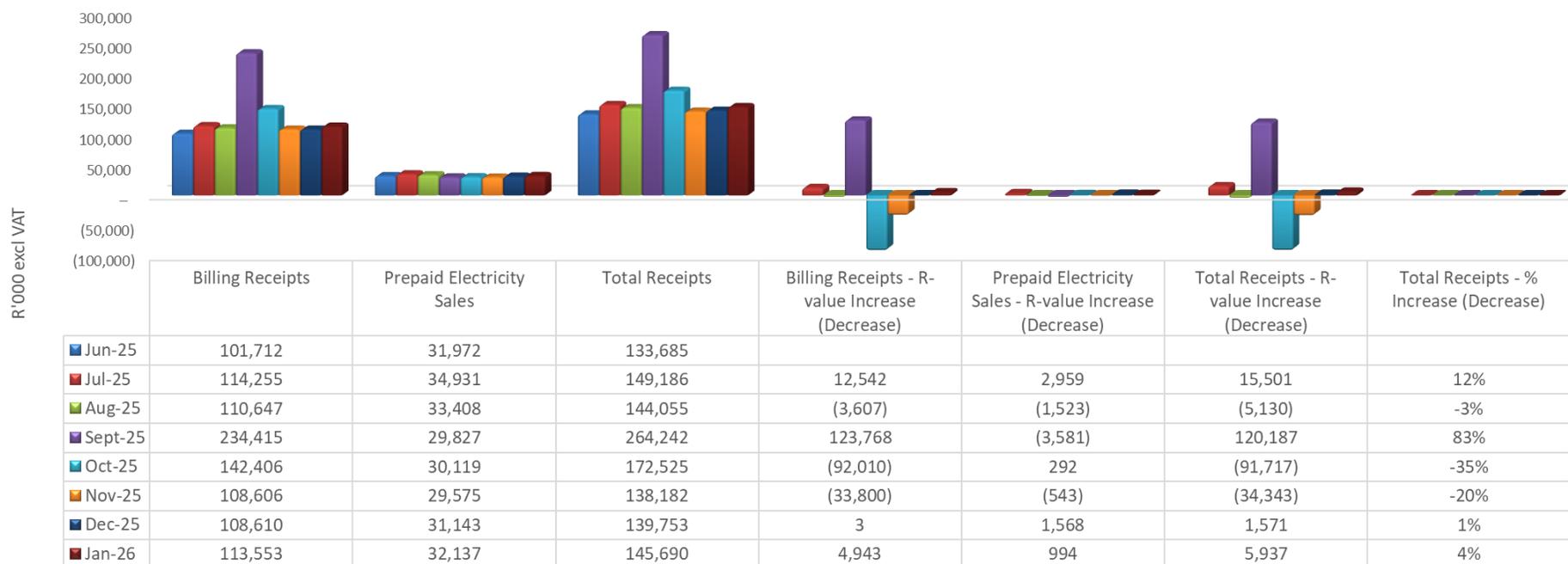
**Chart 10: Comparative trend: Monthly and Revised average collection rate - Jun 2025 to Jan 2026**



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

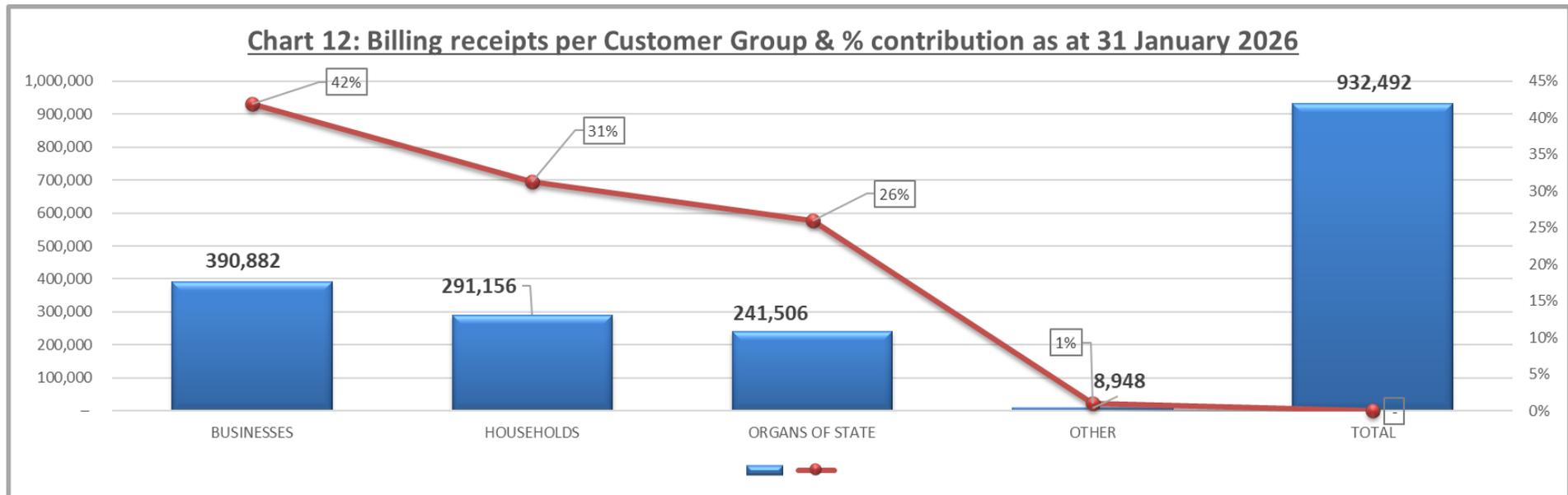
Indicated in Chart 10 above, is the comparative trend between the monthly and average collection rate from June 2025 to January 2026. The monthly collection rate (Property rates & Services) for January 2025 is not satisfactory at 67%. The revised average collection for January 2026 which includes Prepaid sales and unallocated credits is 77%, for the month under review. 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 26<sup>th</sup> of the previous month to 25<sup>th</sup> of the current month. The monthly collection rate also excludes Prepaid electricity sales and Other billing. It should be noted the monthly 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 58% for the month under review. The quarterly collection rate per ward is not reported on because it is not yet the end of the third quarter. 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 R15,367 million was unallocated at month-end.

**Chart 11: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2025 to Jan 2026**



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

As indicated in Chart 11 above, the Total Receipts for January 2026 amounted to R145,690 million which resulted in an increase of R5,937 million (4%) in respect of the month-to-month comparison. Billing receipts increased by R4,943 million, whilst Prepaid Electricity Sales increased by R994 thousand. The deteriorating situation for the past few months/years does not bode well for the municipality's cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R15,367 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 January 2026 which amounts to R932,492 million. The municipality received R390,882 million (42%) from Businesses, Households R291,156 million (31%), Organs of State R241,506 million (26%) and Other R8,948 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	%
<b>Creditor Age Analysis</b>										
Bulk Electricity	88,135	7.9%	37,316	3.4%	20,365	1.8%	963,457	86.9%	1,109,274	78.2%
Bulk Water	30,103	11.9%	14,866	5.9%	14,866	5.9%	192,967	76.3%	252,802	17.8%
PAYE deductions	12,222	100.0%	-	-	-	-	-	-	12,222	0.9%
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	8,518	100.0%	-	-	-	-	-	-	8,518	0.6%
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	5,998	72.7%	1,122	13.6%	58	0.7%	1,070	13.0%	8,247	0.6%
Auditor-General	69	100.0%	-	-	-	-	-	-	69	-
Other	12,359	46.3%	815	3.1%	-	-	13,502	50.6%	26,676	1.9%
Medical Aid deductions	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>157,404</b>	<b>11.1%</b>	<b>54,119</b>	<b>3.8%</b>	<b>35,289</b>	<b>2.5%</b>	<b>1,170,996</b>	<b>82.6%</b>	<b>1,417,807</b>	<b>100.0%</b>

Table 11: Part 5: Creditors Age Analysis

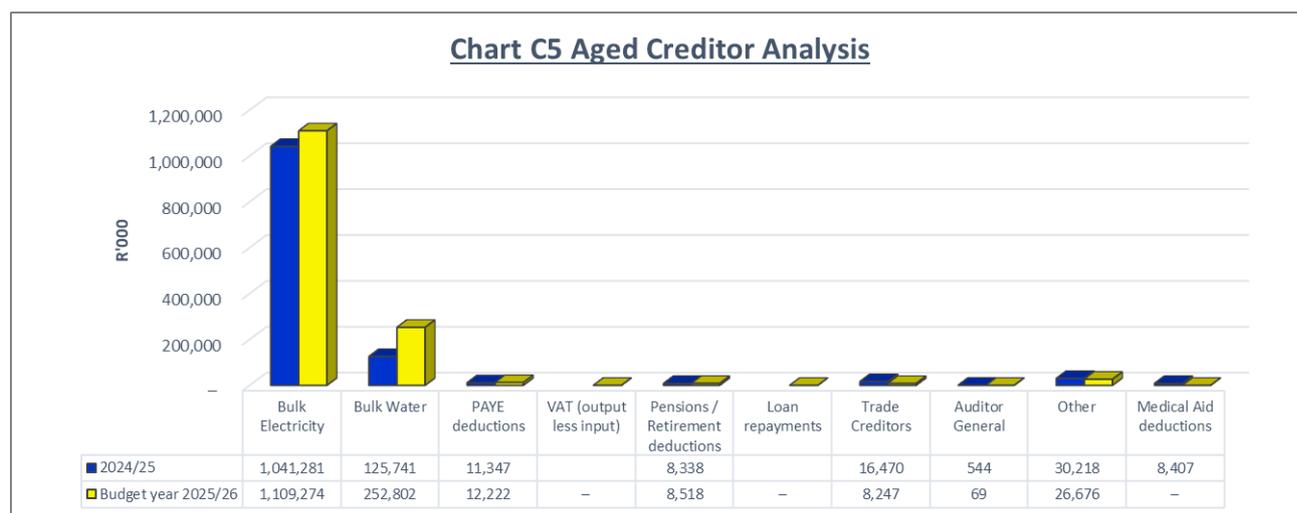


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2024/25 in Chart 13 is based on the outstanding creditors as at 31 January 2025 (prior year totals for the same period). Articulated in Table 11 above, is the age creditors analysis, which is standing at R1,417,817 billion owed to creditors. The analysis shows that 11.1% of creditors is owed between 0 to 30 days, whilst 82.6% of creditors is owed over 90 days. Bulk Electricity is the largest creditor at 78.2%.

**Bulk Electricity** – As at the 31 January 2026, the outstanding debt owed to Eskom amounted to R1,109,274 billion.

**Bulk Water** – As at the 31 January 2026, the outstanding debt owed to DWS amounted R252,802 million. The debt owed to DWS is spiralling out of control. This is a huge concern, and management will have to take drastic action to ratify the situation. 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 Debt 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 claimed an amount of R5,082 million to SARS.

**PAYE and Pension** statutory deductions are paid over monthly to the relevant institutions on or before 7 February 2026.

**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 R69 thousand.

**Other creditors** – includes Sundry creditors which were unpaid as at 31 January 2026.

**Medical Aid deductions** – medical aid contributions were settled on or before 31 January 2026 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 January 2026, the value of total investments made was R396,384 million. Partially or prematurely withdrawn investments amounted to R2,218 million. There was no investment top-up for the month under review. The current status quo does not bode well for the municipality and we are running into major trouble in terms of meeting commitments to pay salaries, Eskom, DWS and even other creditors. The disclosure of interest has to be discussed with NT so that the municipality can align interest received to the data strings, whilst NT must provide guidance of the YTD accrued interest that are not yet reflected in the books. This exercise is normally performed during year-end procedures. Please note that the investments are committed and/or held for the following reasons:

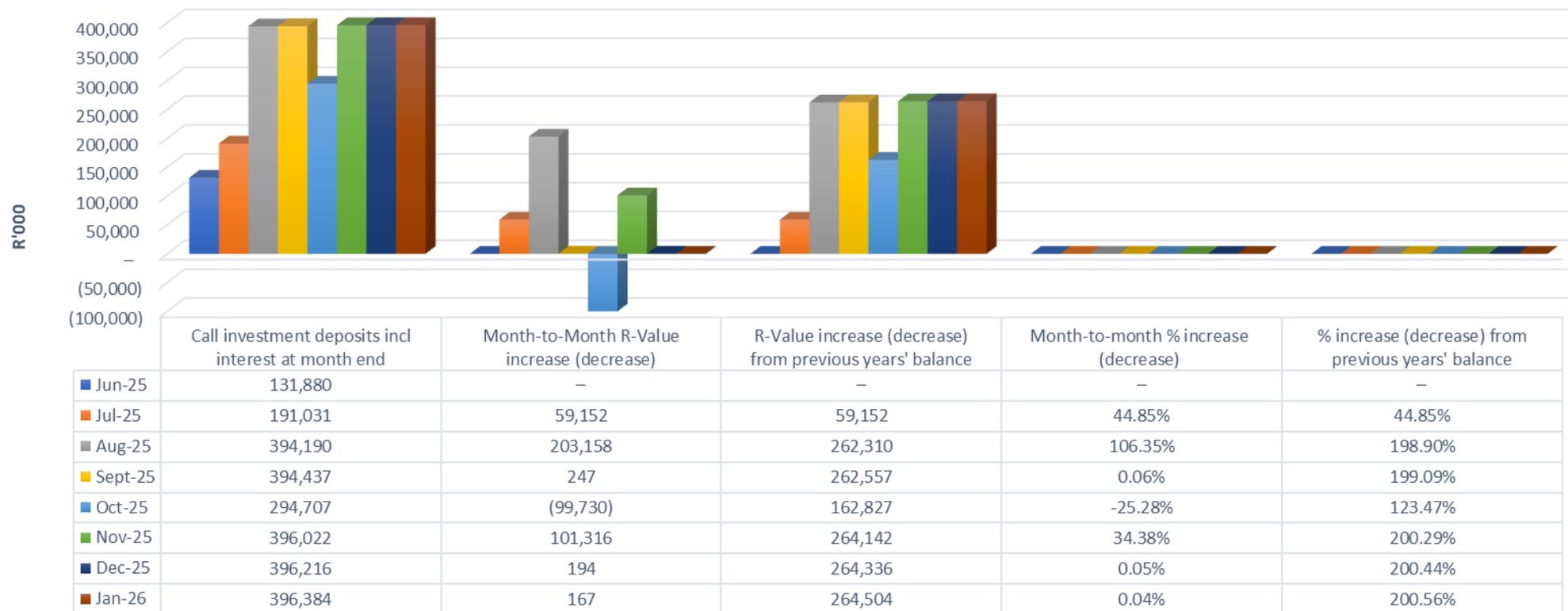
Purpose	R'000
• A fixed deposit that was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of the long-term loan.	21,323
• A fixed deposit that was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.	7,739
• Unspent Capital grant receipts that was invested for the current year.	189,259
• Own funds invested - • Committed funds invested including retentions	178,062
<b>Total</b>	<b>396,384</b>

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate <sup>a</sup>	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												
<b>R thousands</b>														
<b>Municipality</b>														
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		189,321	1,129	(1,129)	-	189,321
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	9.71%	0		2023/06/28	7,704	35	-	-	7,739
Standard Bank - 04 846 6271-091		Monthly	Notice	No	Fixed	890.00%	0	n/a	2024/06/30	5,000	31	(31)	-	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	-	-	-	-	-
Absa - 94 0279 0375		Monthly	Notice	No	Variable	745.00%	0	n/a	2026/06/30	173,000	1,058	(1,058)	-	173,000
Standard Bank - 04 846 6271-094		12 months	Fixed	No	Fixed	742.50%	0	n/a	2026/11/12	21,191	132	-	-	21,323
<b>Municipality sub-total</b>										<b>396,216</b>	<b>2,386</b>	<b>(2,218)</b>	<b>-</b>	<b>396,384</b>

Table 12: Supporting Table SC5: Investment portfolio

**Chart 14: Call investment deposits incl interest for the period ending 31 January 2026**



**Chart 14: Call investment deposits at month-end**

As indicated in the Chart 14 above from December 2025 to January 2026 investments incl interest increased by R167 thousand (0.04%), in respect of the month-to-month comparison. Investments increased by R264,504 million (200.56%) 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 - M07 January

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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		294,090	314,669	314,669	443	234,741	183,557	51,184	27.9%	314,669
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		282,104	301,722	301,722	-	226,292	176,005	50,288	28.6%	301,722
Expanded Public Works Programme Integrated Grant		2,927	4,442	4,442	-	4,442	2,591	1,851	71.4%	4,442
Infrastructure Skills Development Grant		4,500	4,400	4,400	270	2,248	2,567	(319)	-12.4%	4,400
Integrated Urban Development Grant		2,759	2,305	2,305	159	1,115	1,345	(229)	-17.1%	2,305
Local Government Financial Management Grant	3	1,800	1,800	1,800	13	644	1,050	(406)	-38.7%	1,800
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		19,321	9,007	9,007	79	674	5,254	(4,580)	-87.2%	9,007
Capacity Building and Other Grants		9,264	9,007	9,007	79	674	5,254	(4,580)	-87.2%	9,007
Infrastructure Grant		10,057	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		97,717	-	-	-	-	-	-	-	-
ESKOM		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		97,717	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	411,128	323,676	323,676	521	235,415	188,811	46,603	24.7%	323,676
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		574,062	684,166	684,166	15,887	360,135	399,097	(38,962)	-9.8%	684,166
Energy Efficiency and Demand Side Management Grant		5,000	5,000	5,000	-	2,260	2,917	(657)	-22.5%	5,000
Integrated National Electrification Programme Grant		4,500	19,000	19,000	184	7,293	11,083	(3,790)	-34.2%	19,000
Integrated Urban Development Grant		72,562	76,066	76,066	-	38,995	44,372	(5,377)	-12.1%	76,066
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	100	100	-	-	58	(58)	-100.0%	100
Regional Bulk Infrastructure Grant		492,000	574,000	574,000	15,704	311,588	334,833	(23,246)	-6.9%	574,000
Water Services Infrastructure Grant		-	10,000	10,000	-	-	5,833	(5,833)	-100.0%	10,000
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Infrastructure Grant		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	574,062	684,166	684,166	15,887	360,135	399,097	(38,962)	-9.8%	684,166
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	985,191	1,007,842	1,007,842	16,409	595,549	587,908	7,641	1.3%	1,007,842

Table 13: Supporting Table SC6: Transfers and grant receipts

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

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

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

## Operational and Capital Grants: Expenditure

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

Description	Ref	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
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		263,684	252,673	252,403	8,248	136,065	146,383	(10,318)	-7.0%	252,403
Equitable Share		251,739	239,722	239,452	3,630	127,973	138,828	(10,855)	-7.8%	239,452
Expanded Public Works Programme Integrated Grant		3,143	4,442	4,442	4,210	4,442	2,591	1,851	71.4%	4,442
Infrastructure Skills Development Grant		4,373	4,400	4,400	235	1,954	2,567	(612)	-23.9%	4,400
Integrated Urban Development Grant		2,629	2,305	2,305	162	1,136	1,345	(209)	-15.5%	2,305
Local Government Financial Management Grant		1,800	1,804	1,804	12	560	1,052	(492)	-46.8%	1,804
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		<b>14,526</b>	<b>8,942</b>	<b>11,457</b>	<b>169</b>	<b>2,564</b>	<b>6,677</b>	<b>(4,113)</b>	<b>-61.6%</b>	<b>11,457</b>
Capacity Building and Other Grants		9,055	8,942	8,957	74	670	5,219	(4,549)	-87.2%	8,957
Infrastructure Grant		5,471	-	2,500	95	1,894	1,458	436	29.9%	2,500
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>278,210</b>	<b>261,615</b>	<b>263,860</b>	<b>8,417</b>	<b>138,629</b>	<b>153,060</b>	<b>(14,431)</b>	<b>-9.4%</b>	<b>263,860</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		504,592	594,927	594,927	15,882	307,752	347,041	(39,289)	-11.3%	594,927
Energy Efficiency and Demand Side Management Grant		4,545	4,348	4,348	-	1,965	2,536	(571)	-22.5%	4,348
Integrated National Electrification Programme Grant		3,958	16,522	16,522	160	6,342	9,638	(3,296)	-34.2%	16,522
Integrated Urban Development Grant		64,588	66,144	66,144	2,067	28,500	38,584	(10,084)	-26.1%	66,144
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	87	87	-	-	51	(51)	-100.0%	87
Regional Bulk Infrastructure Grant		431,501	499,130	499,130	13,655	270,946	291,159	(20,214)	-6.9%	499,130
Water Services Infrastructure Grant		-	8,696	8,696	-	-	5,072	(5,072)	-100.0%	8,696
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>504,592</b>	<b>594,927</b>	<b>594,927</b>	<b>15,882</b>	<b>307,752</b>	<b>347,041</b>	<b>(39,289)</b>	<b>-11.3%</b>	<b>594,927</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>782,802</b>	<b>856,542</b>	<b>858,787</b>	<b>24,299</b>	<b>446,381</b>	<b>500,101</b>	<b>(53,720)</b>	<b>-10.7%</b>	<b>858,787</b>

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.

Description (R'000)	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	2,067	28,500	1,423	43.09%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	-	1,965	-	45.19%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	13,655	270,946	-	54.28%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	160	6,342	2	38.38%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	87	-	-	-	0.00%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	8,696	-	-	-	0.00%
<b>Grand Total</b>	<b>594,927</b>	<b>15,882</b>	<b>307,752</b>	<b>1,424</b>	<b>51.73%</b>

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R307,752 million or 51.73% 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 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 was submitted to National Treasury on or before 31 August 2025.

“Approval is hereby granted in terms of section 21(2) of the 2024 Division of Revenue Act, (Act No. 24 of 2024) (DoRA), as amended by the Division of Revenue Amendment Act, (Act No. 48 of 2024) (DoRAA) to retain an amount of **R535 thousand** allocated to your municipality in the 2024/25 financial year through the DoRA. This approval is in respect of the Integrated Urban Development Grant (IUDG).

The National Treasury in assessing your roll over request used the criteria set out in Circular No.130 of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) as a guide for the consideration of the roll over submission by your municipality.

The approval amount of R535 thousand is for the following projects:

- Ablution Block- Kenilworth and Phutanang Cemetery (R287 thousand); and
- Construction- Old Sink Toilets (R248 thousand).”

NC091 Sol Plaatje - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M07 January						
Description	Ref	Budget Year 2025/26				
		Approved Rollover 2022/23	Monthly actual	YearTD actual	YTD variance	YTD variance
R thousands						%
<b>EXPENDITURE</b>						
<b>Capital expenditure of Approved Roll-overs</b>						
National Government:		535	-	-	535	100.0%
Intergrated Urban Development Grant		535			535	100.0%
Provincial Government:		-	-	-	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
<b>Total capital expenditure of Approved Roll-overs</b>		<b>535</b>	<b>-</b>	<b>-</b>	<b>535</b>	<b>100.0%</b>
<b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>		<b>535</b>	<b>-</b>	<b>-</b>	<b>535</b>	<b>100.0%</b>

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

## 10. Councillor and board member allowances and employee benefits

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

Summary of Employee and Councillor remuneration	Ref	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		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		-	30,893	30,893	2,340	16,176	18,021	(1,845)	-10%	30,893
Pension and UIF Contributions		1,040	1,540	1,540	76	541	898	(357)	-40%	1,540
Medical Aid Contributions		657	710	710	54	379	414	(35)	-9%	710
Motor Vehicle Allowance		-	950	950	101	686	554	132	24%	950
Cellphone Allowance		3,048	2,910	2,910	255	1,774	1,697	76	5%	2,910
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		29,049	80	80	(27)	-	47	(47)	-100%	80
<b>Sub Total - Councillors</b>		<b>33,794</b>	<b>37,083</b>	<b>37,083</b>	<b>2,799</b>	<b>19,556</b>	<b>21,632</b>	<b>(2,076)</b>	<b>-10%</b>	<b>37,083</b>
<b>% increase</b>	4		<b>9.7%</b>	<b>9.7%</b>						<b>9.7%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		5,763	8,743	8,743	353	2,650	5,100	(2,450)	-48%	8,743
Pension and UIF Contributions		747	1,351	1,351	33	229	788	(559)	-71%	1,351
Medical Aid Contributions		208	140	140	16	111	81	29	36%	140
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1,136	2,113	2,113	87	607	1,233	(625)	-51%	2,113
Cellphone Allowance		115	198	198	8	59	116	(57)	-49%	198
Housing Allowances		21	24	24	2	13	14	(2)	-12%	24
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		29	31	31	1	9	18	(9)	-50%	31
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>8,018</b>	<b>12,601</b>	<b>12,601</b>	<b>500</b>	<b>3,677</b>	<b>7,351</b>	<b>(3,673)</b>	<b>-50%</b>	<b>12,601</b>
<b>% increase</b>	4		<b>57.2%</b>	<b>57.2%</b>						<b>57.2%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		463,558	538,612	536,237	41,188	290,032	313,313	(23,281)	-7%	536,237
Pension and UIF Contributions		83,957	99,661	99,661	7,189	50,915	58,135	(7,220)	-12%	99,661
Medical Aid Contributions		58,162	69,790	69,790	5,808	38,793	40,711	(1,918)	-5%	69,790
Overtime		78,779	58,301	58,601	7,446	45,897	34,142	11,754	34%	58,601
Performance Bonus		30,549	39,432	39,432	1,067	24,376	23,002	1,374	6%	39,432
Motor Vehicle Allowance		41,631	50,362	50,362	3,382	23,834	29,378	(5,544)	-19%	50,362
Cellphone Allowance		1,585	1,740	1,740	125	910	1,015	(106)	-10%	1,740
Housing Allowances		4,158	3,152	3,152	235	1,684	1,839	(155)	-8%	3,152
Other benefits and allowances		31,886	32,935	35,010	2,673	19,806	19,956	(150)	-1%	35,010
Payments in lieu of leave		10,012	16,200	16,200	454	1,842	9,450	(7,608)	-81%	16,200
Long service awards		30,742	31,845	31,845	2,632	18,546	18,576	(30)	0%	31,845
Post-retirement benefit obligations	2	41,384	49,900	49,900	900	3,564	29,108	(25,544)	-88%	49,900
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>876,402</b>	<b>991,931</b>	<b>991,931</b>	<b>73,098</b>	<b>520,199</b>	<b>578,627</b>	<b>(58,427)</b>	<b>-10%</b>	<b>991,931</b>
<b>% increase</b>	4		<b>13.2%</b>	<b>13.2%</b>						<b>13.2%</b>
<b>Total Parent Municipality</b>		<b>918,214</b>	<b>1,041,615</b>	<b>1,041,615</b>	<b>76,397</b>	<b>543,433</b>	<b>607,609</b>	<b>(64,176)</b>	<b>-11%</b>	<b>1,041,615</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>918,214</b>	<b>1,041,615</b>	<b>1,041,615</b>	<b>76,397</b>	<b>543,433</b>	<b>607,609</b>	<b>(64,176)</b>	<b>-11%</b>	<b>1,041,615</b>
<b>% increase</b>	4		<b>13.4%</b>	<b>13.4%</b>						<b>13.4%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>884,420</b>	<b>1,004,532</b>	<b>1,004,532</b>	<b>73,598</b>	<b>523,877</b>	<b>585,977</b>	<b>(62,101)</b>	<b>-11%</b>	<b>1,004,532</b>

Table 17: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 17 above, Employee related costs is satisfactory and showing a variance of minus 11%. There was a moratorium on the filling of non-critical vacancies and the sale of leave has been stopped and is only paid to exiting employees. 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 13<sup>th</sup> 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 10% 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 each 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 that was in place on recruitment curbed employee related expenditure. 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. 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 January 2026.

Description per line item (Amount in Rand)	Original Budget	Adjustments Budget	Monthly Actual	YTD Actual	% Spent Original Budget
MS: OVERTIME - NON STRUCTURED	42,176,000	42,176,000	6,113,750	35,692,740	85%
MS: OVERTIME - STRUCTURED	3,506,000	3,506,000	217,084	2,000,972	57%
<b>Overtime as at 31 January 2026</b>	<b>45,682,000</b>	<b>45,682,000</b>	<b>6,330,834</b>	<b>37,693,712</b>	<b>83%</b>

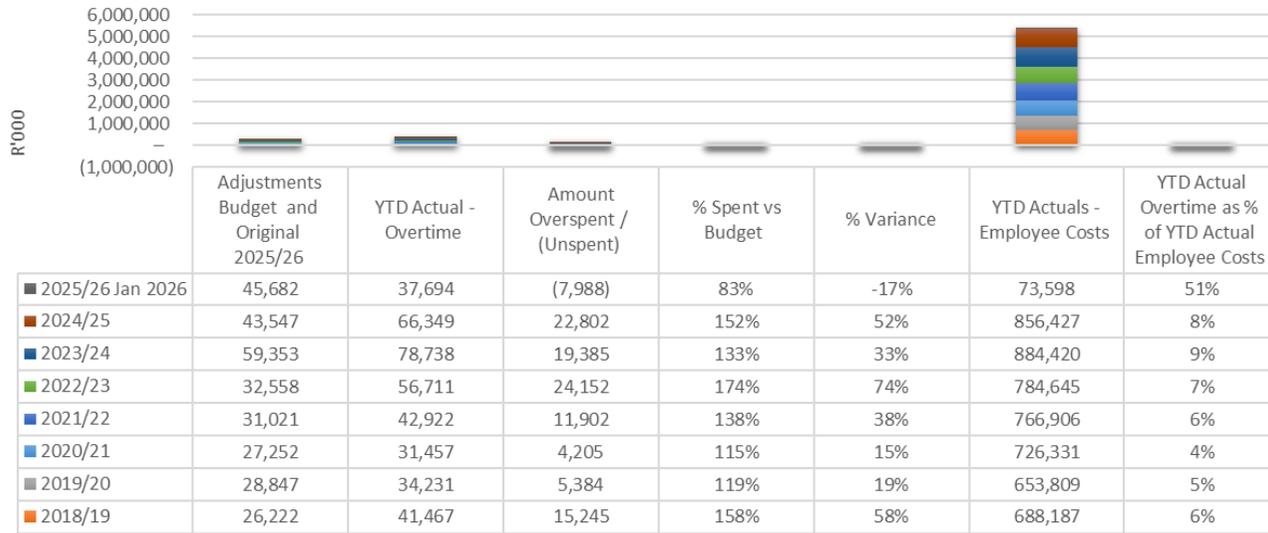
  

Row Labels	Original Budget	Adjustments Budget	Monthly Actual	YTD Actual	% Spent Original Budget
20-EXECUTIVE AND COUNCIL	560,000	560,000	104,738	640,052	114%
21-MUNICIPAL AND GENERAL	-	-	-	-	
22-MUNICIPAL MANAGER	-	-	1,316	15,482	
23-CORPORATE SERVICES	2,035,000	2,035,000	499,749	3,020,771	148%
24-COMMUNITY SERVICES	17,145,000	17,145,000	1,856,320	9,741,494	57%
26-FINANCIAL SERVICES	1,216,000	1,216,000	148,471	1,121,209	92%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	1,112,000	1,112,000	37,082	441,082	40%
28-INFRASTRUCTURE SERVICES	23,614,000	23,614,000	3,683,158	22,713,622	96%
<b>Overtime as at 31 January 2026</b>	<b>45,682,000</b>	<b>45,682,000</b>	<b>6,330,834</b>	<b>37,693,712</b>	<b>83%</b>

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 83% spent versus the Original budget, resulting in an unsatisfactory variance of 24.2% for the period under review, when compared to the ideal IYM percentage of 58.33%.

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

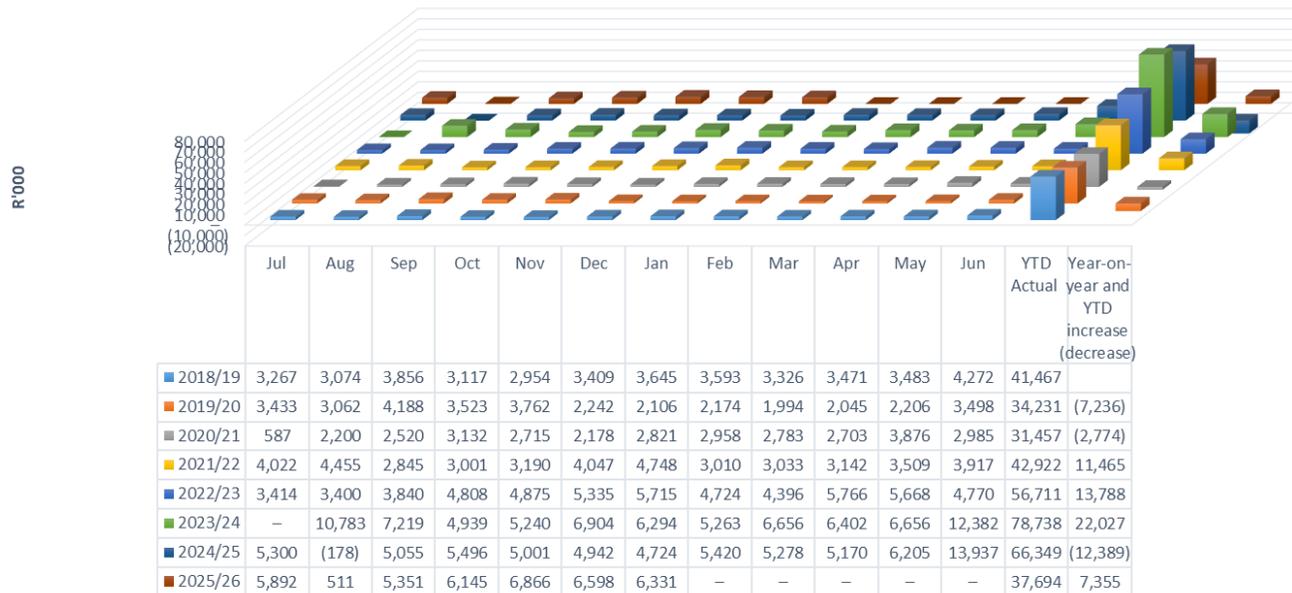


Indicated in Chart 15.1, is the actual Overtime versus Budget from 2018/19 to 2024/25 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

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 R12.4 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 Jan 2026**



**Chart 15.2: Monthly and Annual Overtime Comparison**

The BTO office recommended the following precautionary measures.

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

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

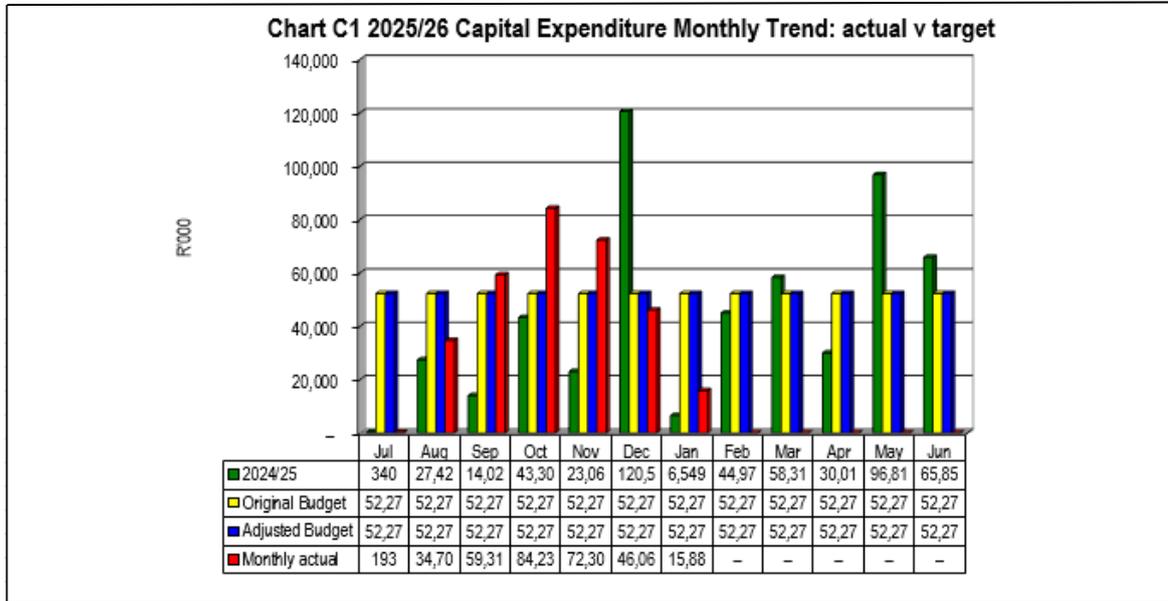
- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility.
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable.
- Ensuring the compliance and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

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

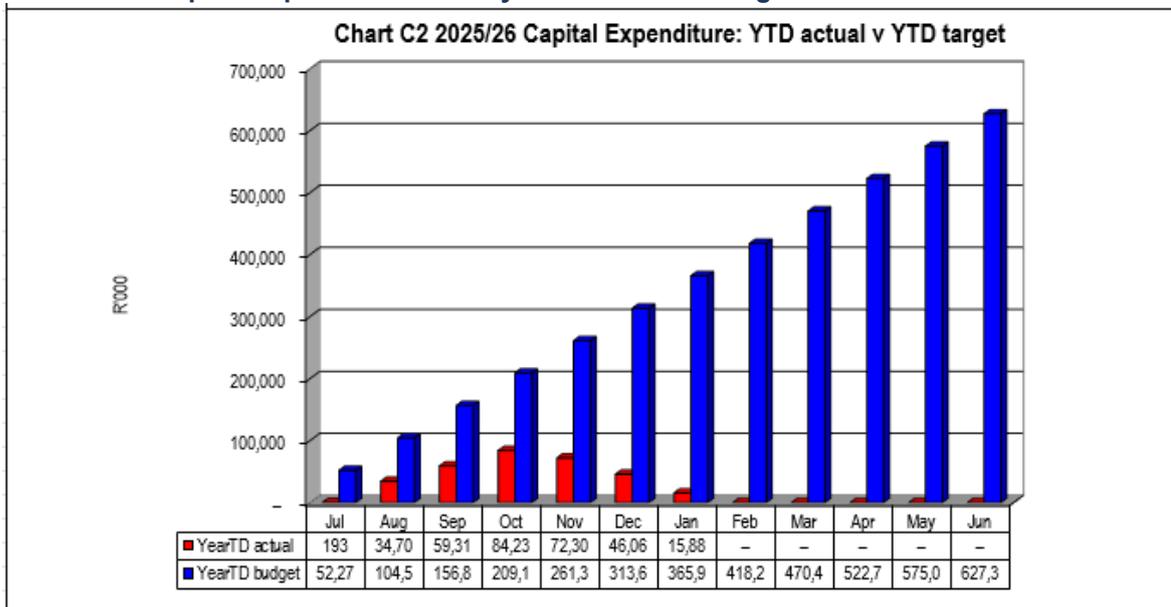
Material variances pertaining to financial performance are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 31 March 2026.

## 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
<b>INTERNALLY GENERATED FUNDS</b>	<b>32,404</b>	<b>32,404</b>	<b>-</b>	<b>4,949</b>	<b>1,999</b>	<b>15.27%</b>	<b>15.27%</b>
ACQ-COMPUTER EQUIPMENT REPLACEMENT	6,783	6,783	-	692	1,988	10.21%	10.21%
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	-	206	-	15.75%	15.75%
RUFURBISHMENT OF THE VINTAGE TRAM	1,409	1,409	-	-	-	0.00%	0.00%
PLANNING & DEVELOPMENT	870	870	-	160	-	18.36%	18.36%
CARTERS GLEN SEWER PUMP STATION	6,957	6,957	-	-	-	0.00%	0.00%
TOWNSHIP ESTABLISHMENT	1,739	1,739	-	1,070	-	61.54%	61.54%
TOWNSHIP REVITALISATION	870	870	-	-	-	0.00%	0.00%
FENCING OF MARKET	2,039	2,039	-	2,039	-	100.00%	100.00%
REFURBISHMENT OF HOMEVALE WWTW	4,348	4,348	-	782	-	17.99%	17.99%
<b>IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)</b>	<b>66,144</b>	<b>62,231</b>	<b>2,067</b>	<b>28,500</b>	<b>1,423</b>	<b>43.09%</b>	<b>45.80%</b>
UPGRADE GRAVEL ROADS WARDS VARIOUS	8,261	13,677	4,594	10,538	753	127.56%	77.05%
SPECIALISED FLEET REPLACEMENT	7,826	-	(4,502)	-	-	0.00%	#DIV/0!
REFURBISHMENT OF HALLS	3,536	1,435	880	880	-	24.90%	61.36%
LINING OF STORMWATER CHANNELS WARD 16	2,609	3,207	227	2,103	223	80.60%	65.56%
CONSTRUCTION OLD SINK TOILETS	9,565	9,565	-	-	-	0.00%	0.00%
UPGRADE OF RITCHIE SPORTS GROUNDS	1,739	1,739	477	477	-	27.45%	27.45%
REDEVELOPMENT OF RC ELLIOT HALL	2,174	2,174	-	-	-	0.00%	0.00%
DEVELOPMENT OF RIVERTON HALL	870	870	163	163	-	18.78%	18.78%
FENCING OF ABC CEMETERY	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	44	1,298	172	59.72%	59.72%
BEACONSFIELD WASTE WATER TREATMENT WORKS	12,609	12,609	-	4,573	-	36.27%	36.27%
HIGH MAST LIGHTS	8,696	8,696	183	3,250	275	37.37%	37.37%
<b>EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)</b>	<b>4,348</b>	<b>4,348</b>	<b>-</b>	<b>1,965</b>	<b>-</b>	<b>45.19%</b>	<b>45.19%</b>
STREETLIGHTS AND HIGH MAST RETROFITTING	4,348	4,348	-	1,965	-	45.19%	45.19%
<b>RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)</b>	<b>499,130</b>	<b>499,130</b>	<b>13,655</b>	<b>270,946</b>	<b>-</b>	<b>54.28%</b>	<b>54.28%</b>
UPGRADE EXISTING/NEW RESERVOIR CONSTRUCT	46,541	46,541	5,984	16,307	-	35.04%	35.04%
REFURBISHMENT/REPLACEMENT BULK PIPELINE	366,547	366,547	5,259	182,917	-	49.90%	49.90%
KBY/RITCHIE NETWORK LEAK DETECT/REPAIR	32,220	32,220	200	21,957	-	68.15%	68.15%
KBY/RITCHIE BULK METERS/PRESSURE MANAGE	3,698	3,698	103	3,606	-	97.51%	97.51%
NEWTON AND RIVERTON WWTW	50,125	50,125	2,109	46,159	-	92.09%	92.09%
<b>INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)</b>	<b>16,522</b>	<b>16,522</b>	<b>160</b>	<b>6,342</b>	<b>2</b>	<b>38.38%</b>	<b>38.38%</b>
ELECTRIFICATION OF JACKSONVILLE	5,891	5,891	160	3,539	-	60.08%	60.08%
NETWORKS ACQ - ELECTR SANTA CENTRE	2,804	2,804	-	2,802	2	99.93%	99.93%
GALESHEWE TRANSFORMER	7,826	7,826	-	-	-	0.00%	0.00%
<b>NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)</b>	<b>87</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
REDEVELOPMENT OF RC ELLIOT HALL	87	87	-	-	-	0.00%	0.00%
<b>WSIG (WATER SERVICES INFRASTRUCTURE GRANT)</b>	<b>8,696</b>	<b>8,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
ACQ - CARTERS GLEN SEWER PUMP STATION	8,696	8,696	-	-	-	0.00%	0.00%
<b>Grand Total</b>	<b>627,331</b>	<b>623,418</b>	<b>15,882</b>	<b>312,701</b>	<b>3,424</b>	<b>49.85%</b>	<b>50.16%</b>

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 January 2026 is fairly satisfactory and not at a desired level. Capital expenditure requires constant monitoring from management to improve the final outcome. The actual monthly expenditure for January 2025 amounted to R15,882 million. The total YTD Capex amounts to R312,701 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 (45.80%), EEDSM (45.19%), RBIG (54.28%), INEP (38.38%), WSIG (0%). Spending on Internally generated funds is 15.27% spent. Implementation of projects is normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement of procurement processes is not aligned to the budget approval and specifications are not done early so that it can be advertised timeously.

### 13. Other supporting documents

Additional information or supporting documentation for January 2026.

- The Monthly Debt Relief Non-Compliance Report accompanied by the Municipal Debt Relief Compliance Certificate issued by National Treasury for December 2025.
- The municipality's self-assessment for the month of January 2026.

### 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](http://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
- 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, Absorption of contract workers 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, July, August, September, November and December 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 was 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 2025/26 MTREF.
  - Introducing automated payments through EasyPay solution.
  - Focusing on the top 500 debtors on a monthly basis.
  - The commencing of debt collection action in April 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 - M07 January

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	687,339	717,920	717,920	53,211	482,766	418,786	63,980	15%	717,920
Service charges	1,449,088	1,761,512	1,761,512	143,292	919,905	1,027,548	(107,643)	-10%	1,761,512
Investment revenue	21,841	18,000	18,000	493	2,325	10,500	(8,175)	-78%	18,000
Transfers and subsidies - Operational	411,128	323,676	323,676	521	235,415	188,811	46,603	0	323,676
Other own revenue	430,140	413,080	413,080	28,838	208,739	240,964	(32,225)	-13%	413,080
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,999,537</b>	<b>3,234,188</b>	<b>3,234,188</b>	<b>226,356</b>	<b>1,849,150</b>	<b>1,886,610</b>	<b>(37,460)</b>	<b>-2%</b>	<b>3,234,188</b>
Employee costs	884,420	1,004,532	1,004,532	73,598	523,877	585,977	(62,101)	-11%	1,004,532
Remuneration of Councillors	33,794	37,083	37,083	2,799	19,556	21,632	(2,076)	-10%	37,083
Depreciation and amortisation	99,985	90,200	90,200	-	-	52,617	(52,617)	-100%	90,200
Interest	85,783	15,880	15,880	-	8,252	7,954	298	4%	15,880
Inventory consumed and bulk purchases	1,182,440	1,331,852	1,331,852	97,640	700,317	794,580	(94,264)	-12%	1,331,852
Transfers and subsidies	2,807	4,300	4,300	2	1,323	2,508	(1,185)	-47%	4,300
Other expenditure	848,755	728,658	728,658	25,152	381,784	425,051	(43,267)	-10%	728,658
<b>Total Expenditure</b>	<b>3,137,984</b>	<b>3,212,506</b>	<b>3,212,506</b>	<b>199,191</b>	<b>1,635,108</b>	<b>1,890,319</b>	<b>(255,211)</b>	<b>-14%</b>	<b>3,212,506</b>
<b>Surplus/(Deficit)</b>	<b>(138,447)</b>	<b>21,682</b>	<b>21,682</b>	<b>27,165</b>	<b>214,042</b>	<b>(3,710)</b>	<b>217,751</b>	<b>-5870%</b>	<b>21,682</b>
Transfers and subsidies - capital (monetary)	574,062	684,166	684,166	15,887	360,135	399,097	(38,962)	-10%	684,166
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>45%</b>	<b>705,848</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>45%</b>	<b>705,848</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>561,573</b>	<b>627,331</b>	<b>627,331</b>	<b>15,882</b>	<b>312,701</b>	<b>365,943</b>	<b>(53,242)</b>	<b>-15%</b>	<b>627,331</b>
Capital transfers recognised	504,592	594,927	594,927	15,882	307,752	347,041	(39,289)	-11%	594,927
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	56,981	32,404	32,404	-	4,949	18,903	(13,954)	-74%	32,404
<b>Total sources of capital funds</b>	<b>561,573</b>	<b>627,331</b>	<b>627,331</b>	<b>15,882</b>	<b>312,701</b>	<b>365,943</b>	<b>(53,242)</b>	<b>-15%</b>	<b>627,331</b>
<b>Financial position</b>									
Total current assets	2,957,797	3,027,796	3,027,796	-	3,597,595	-	-	-	3,027,796
Total non current assets	2,718,554	3,131,060	3,131,060	-	3,031,255	-	-	-	3,131,060
Total current liabilities	1,204,094	1,669,231	1,669,231	-	1,590,453	-	-	-	1,669,231
Total non current liabilities	1,158,726	442,927	442,927	-	1,150,689	-	-	-	442,927
Community wealth/Equity	3,313,531	4,046,698	4,046,698	-	3,887,708	-	-	-	4,046,698
<b>Cash flows</b>									
Net cash from (used) operating	515,176	753,802	753,802	(20,349)	156,891	439,718	282,827	64%	753,802
Net cash from (used) investing	(554,810)	(721,431)	(721,431)	(15,882)	(312,701)	(420,835)	(108,134)	26%	(721,431)
Net cash from (used) financing	100	(16,688)	(16,688)	9	39	(9,735)	(9,773)	100%	(16,688)
<b>Cash/cash equivalents at the month/year end</b>	<b>74,192</b>	<b>146,574</b>	<b>146,574</b>	<b>8,138</b>	<b>8,138</b>	<b>140,039</b>	<b>131,901</b>	<b>94%</b>	<b>179,592</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	192,163	104,582	115,635	99,638	98,320	95,333	545,675	3,321,353	4,572,699
<b>Creditors Age Analysis</b>									
Total Creditors	157,404	54,119	35,289	24,818	20,045	144,204	203,456	778,472	1,417,807

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

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		1,868,278	1,815,862	1,815,862	80,423	1,155,794	1,059,253	96,541	9%	1,815,862
Executive and council		1,146,927	1,067,130	1,067,130	26,056	668,377	622,493	45,884	7%	1,067,130
Finance and administration		721,351	748,732	748,732	54,367	487,417	436,760	50,657	12%	748,732
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		52,398	46,152	46,152	2,678	21,395	26,922	(5,527)	-21%	46,152
Community and social services		12,453	12,888	12,888	264	2,370	7,518	(5,148)	-68%	12,888
Sport and recreation		3,217	2,910	2,910	179	1,614	1,698	(84)	-5%	2,910
Public safety		818	570	570	6	303	333	(29)	-9%	570
Housing		31,910	29,708	29,708	2,228	17,108	17,330	(222)	-1%	29,708
Health		4,000	75	75	-	-	44	(44)	-100%	75
<i>Economic and environmental services</i>		21,781	23,377	23,377	474	7,627	13,637	(6,010)	-44%	23,377
Planning and development		8,200	9,207	9,207	353	5,338	5,371	(32)	-1%	9,207
Road transport		13,581	14,170	14,170	120	2,289	8,266	(5,977)	-72%	14,170
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,619,577	2,020,883	2,020,883	156,148	1,015,934	1,178,848	(162,914)	-14%	2,020,883
Energy sources		984,262	1,305,623	1,305,623	91,208	617,751	761,614	(143,863)	-19%	1,305,623
Water management		387,287	448,093	448,093	42,871	243,324	261,387	(18,064)	-7%	448,093
Waste water management		141,634	157,774	157,774	12,609	88,220	92,035	(3,814)	-4%	157,774
Waste management		106,393	109,393	109,393	9,460	66,640	63,812	2,827	4%	109,393
<i>Other</i>	4	11,566	12,081	12,081	2,520	8,534	7,047	1,487	21%	12,081
<b>Total Revenue - Functional</b>	2	<b>3,573,599</b>	<b>3,918,354</b>	<b>3,918,354</b>	<b>242,243</b>	<b>2,209,285</b>	<b>2,285,706</b>	<b>(76,422)</b>	<b>-3%</b>	<b>3,918,354</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		805,088	756,026	756,026	37,030	418,398	441,016	(22,617)	-5%	756,026
Executive and council		566,451	532,963	532,963	15,943	259,348	310,895	(51,547)	-17%	532,963
Finance and administration		234,475	219,046	219,046	20,718	156,350	127,777	28,573	22%	219,046
Internal audit		4,162	4,017	4,017	368	2,700	2,343	357	15%	4,017
<i>Community and public safety</i>		195,831	219,901	219,901	15,367	112,666	128,276	(15,610)	-12%	219,901
Community and social services		48,397	52,711	52,711	3,586	27,154	30,748	(3,594)	-12%	52,711
Sport and recreation		63,434	66,957	66,957	5,083	35,627	39,058	(3,431)	-9%	66,957
Public safety		42,589	47,422	47,422	3,343	25,297	27,663	(2,366)	-9%	47,422
Housing		22,733	31,345	31,345	1,880	13,812	18,285	(4,472)	-24%	31,345
Health		18,679	21,467	21,467	1,476	10,776	12,522	(1,746)	-14%	21,467
<i>Economic and environmental services</i>		179,646	189,177	189,177	12,676	116,828	110,354	6,475	6%	189,177
Planning and development		48,260	55,838	55,838	4,099	29,648	32,572	(2,925)	-9%	55,838
Road transport		130,479	132,364	132,364	8,501	86,608	77,212	9,396	12%	132,364
Environmental protection		907	975	975	76	573	569	4	1%	975
<i>Trading services</i>		1,932,419	2,016,320	2,016,320	132,194	972,118	1,192,544	(220,426)	-18%	2,016,320
Energy sources		1,292,570	1,303,951	1,303,951	84,903	646,882	777,372	(130,490)	-17%	1,303,951
Water management		439,992	445,043	445,043	34,443	206,272	259,367	(53,095)	-20%	445,043
Waste water management		117,220	158,834	158,834	6,612	68,497	92,518	(24,021)	-26%	158,834
Waste management		82,637	108,493	108,493	6,236	50,467	63,287	(12,820)	-20%	108,493
<i>Other</i>		25,000	31,081	31,081	1,924	15,097	18,130	(3,033)	-17%	31,081
<b>Total Expenditure - Functional</b>	3	<b>3,137,984</b>	<b>3,212,506</b>	<b>3,212,506</b>	<b>199,191</b>	<b>1,635,108</b>	<b>1,890,319</b>	<b>(255,211)</b>	<b>-14%</b>	<b>3,212,506</b>
<b>Surplus/ (Deficit) for the year</b>		<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>0.4521876</b>	<b>705,848</b>

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

Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		1,146,927	1,067,130	1,067,130	26,056	668,377	622,493	45,884	7.4%	1,067,130
Vote 03 - Municipal Manager		2,759	2,305	2,305	159	1,115	1,345	(229)	-17.1%	2,305
Vote 04 - Corporate Services		6,263	6,110	6,110	274	2,278	3,564	(1,286)	-36.1%	6,110
Vote 05 - Community Services		149,002	148,586	148,586	12,481	78,779	86,675	(7,896)	-9.1%	148,586
Vote 06 - Financial Services		714,281	742,122	742,122	54,039	484,782	432,904	51,877	12.0%	742,122
Vote 07 - Strategy Econ Development And Planning		8,419	10,003	10,003	256	6,141	5,835	306	5.2%	10,003
Vote 08 - Infrastructure And Services		1,545,949	1,942,098	1,942,098	148,977	967,812	1,132,891	(165,078)	-14.6%	1,942,098
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>3,573,599</b>	<b>3,918,354</b>	<b>3,918,354</b>	<b>242,243</b>	<b>2,209,285</b>	<b>2,285,706</b>	<b>(76,422)</b>	<b>-3.3%</b>	<b>3,918,354</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Executive & Council		57,033	61,221	61,221	4,597	33,204	35,712	(2,508)	-7.0%	61,221
Vote 02 - Municipal And General		495,160	464,832	464,832	10,355	218,114	271,152	(53,037)	-19.6%	464,832
Vote 03 - Municipal Manager		29,886	30,614	30,614	2,072	16,113	17,858	(1,745)	-9.8%	30,614
Vote 04 - Corporate Services		73,335	81,513	81,513	6,231	46,179	47,549	(1,371)	-2.9%	81,513
Vote 05 - Community Services		320,158	363,848	363,848	24,828	188,065	212,245	(24,179)	-11.4%	363,848
Vote 06 - Financial Services		143,187	173,366	173,366	10,279	81,490	101,130	(19,640)	-19.4%	173,366
Vote 07 - Strategy Econ Development And Planning		55,692	76,090	76,090	4,294	32,099	44,386	(12,287)	-27.7%	76,090
Vote 08 - Infrastructure And Services		1,963,535	1,961,023	1,961,023	136,535	1,019,844	1,160,287	(140,443)	-12.1%	1,961,023
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>3,137,984</b>	<b>3,212,506</b>	<b>3,212,506</b>	<b>199,191</b>	<b>1,635,108</b>	<b>1,890,319</b>	<b>(255,211)</b>	<b>-13.5%</b>	<b>3,212,506</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>45.2%</b>	<b>705,848</b>

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

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		942,441	1,218,923	1,218,923	89,164	602,461	711,039	(108,578)	-15%	1,218,923
Service charges - Water		312,941	362,722	362,722	36,725	197,249	211,588	(14,339)	-7%	362,722
Service charges - Waste Water Management		110,559	106,274	106,274	9,932	68,346	61,993	6,354	10%	106,274
Service charges - Waste management		83,147	73,593	73,593	7,473	51,849	42,929	8,920	21%	73,593
Sale of Goods and Rendering of Services		16,897	18,644	18,644	566	9,829	10,876	(1,047)	-10%	18,644
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		166,017	142,100	142,100	13,890	104,958	82,892	22,066	27%	142,100
Interest from Current and Non Current Assets		21,841	18,000	18,000	493	2,325	10,500	(8,175)	-78%	18,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		32,057	29,740	29,740	2,247	17,246	17,348	(102)	-1%	29,740
Licence and permits		660	1,000	1,000	48	220	583	(364)	-62%	1,000
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		3,152	3,383	3,383	276	2,875	1,974	901	46%	3,383
<b>Non-Exchange Revenue</b>										
Property rates		687,339	717,920	717,920	53,211	482,766	418,786	63,980	15%	717,920
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		36,851	34,743	34,743	768	1,395	20,267	(18,872)	-93%	34,743
Licence and permits		8,435	8,200	8,200	2,412	6,505	4,783	1,722	36%	8,200
Transfers and subsidies - Operational		411,128	323,676	323,676	521	235,415	188,811	46,603	25%	323,676
Interest		103,759	117,020	117,020	7,654	58,923	68,262	(9,338)	-14%	117,020
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		27,322	58,250	58,250	977	6,789	33,979	(27,190)	-80%	58,250
Gains on disposal of Assets		6,763	-	-	-	-	-	-	-	-
Other Gains		28,227	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,999,537</b>	<b>3,234,188</b>	<b>3,234,188</b>	<b>226,356</b>	<b>1,849,150</b>	<b>1,886,610</b>	<b>(37,460)</b>	<b>-2%</b>	<b>3,234,188</b>
<b>Expenditure By Type</b>										
Employee related costs		884,420	1,004,532	1,004,532	73,598	523,877	585,977	(62,101)	-11%	1,004,532
Remuneration of councillors		33,794	37,083	37,083	2,799	19,556	21,632	(2,076)	-10%	37,083
Bulk purchases - electricity		901,045	1,000,000	1,000,000	74,304	533,659	601,000	(67,341)	-11%	1,000,000
Inventory consumed		281,395	331,852	331,852	23,336	166,658	193,580	(26,922)	-14%	331,852
Debt impairment		476,743	437,149	437,149	-	218,574	255,003	(36,429)	-14%	437,149
Depreciation and amortisation		99,985	90,200	90,200	-	-	52,617	(52,617)	-100%	90,200
Interest		85,783	15,880	15,880	-	8,252	7,954	298	4%	15,880
Contracted services		125,349	45,856	45,856	1,730	14,359	26,749	(12,390)	-46%	45,856
Transfers and subsidies		2,807	4,300	4,300	2	1,323	2,508	(1,185)	-47%	4,300
Irrecoverable debts written off		-	-	-	4	5	-	5	#DIV/0!	-
Operational costs		151,187	176,654	176,654	11,014	110,813	103,048	7,765	8%	176,654
Losses on Disposal of Assets		929	-	-	-	-	-	-	-	-
Other Losses		94,546	69,000	69,000	12,404	38,032	40,250	(2,218)	-6%	69,000
<b>Total Expenditure</b>		<b>3,137,984</b>	<b>3,212,506</b>	<b>3,212,506</b>	<b>199,191</b>	<b>1,635,108</b>	<b>1,890,319</b>	<b>(255,211)</b>	<b>-14%</b>	<b>3,212,506</b>
<b>Surplus/(Deficit)</b>		<b>(138,447)</b>	<b>21,682</b>	<b>21,682</b>	<b>27,165</b>	<b>214,042</b>	<b>(3,710)</b>	<b>217,751</b>	<b>(0)</b>	<b>21,682</b>
Transfers and subsidies - capital (monetary allocations)		574,062	684,166	684,166	15,887	360,135	399,097	(38,962)	(0)	684,166
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>0</b>	<b>705,848</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>0</b>	<b>705,848</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>0</b>	<b>705,848</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>435,615</b>	<b>705,848</b>	<b>705,848</b>	<b>43,052</b>	<b>574,176</b>	<b>395,387</b>	<b>178,789</b>	<b>0</b>	<b>705,848</b>

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

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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		2,214	1,739	1,739	477	477	1,014	(537)	-53%	1,739
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		3,043	6,579	4,478	1,044	1,044	3,488	(2,444)	-70%	4,478
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		143	3,130	3,130	-	1,276	1,826	(550)	-30%	3,130
Vote 08 - Infrastructure And Services		509,323	524,952	530,965	18,357	267,812	307,224	(39,412)	-13%	530,965
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	<b>514,722</b>	<b>536,400</b>	<b>540,313</b>	<b>19,878</b>	<b>270,608</b>	<b>313,552</b>	<b>(42,944)</b>	<b>-14%</b>	<b>540,313</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		16,951	19,826	12,000	(4,502)	692	10,261	(9,569)	-93%	12,000
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		2,014	5,217	7,391	-	5,217	3,406	1,811	53%	7,391
Vote 06 - Financial Services		-	870	870	-	-	507	(507)	-100%	870
Vote 07 - Strategy Econ Development And Planning		1,518	7,361	7,361	44	3,497	4,294	(797)	-19%	7,361
Vote 08 - Infrastructure And Services		26,368	57,657	59,396	463	32,686	33,923	(1,237)	-4%	59,396
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>46,851</b>	<b>90,931</b>	<b>87,018</b>	<b>(3,996)</b>	<b>42,092</b>	<b>52,391</b>	<b>(10,299)</b>	<b>-20%</b>	<b>87,018</b>
<b>Total Capital Expenditure</b>		<b>561,573</b>	<b>627,331</b>	<b>627,331</b>	<b>15,882</b>	<b>312,701</b>	<b>365,943</b>	<b>(53,242)</b>	<b>-15%</b>	<b>627,331</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>19,165</b>	<b>22,435</b>	<b>14,609</b>	<b>(4,025)</b>	<b>1,170</b>	<b>11,783</b>	<b>(10,613)</b>	<b>-90%</b>	<b>14,609</b>
Executive and council		19,165	21,565	13,739	(4,025)	1,170	11,275	(10,106)	-90%	13,739
Finance and administration		-	870	870	-	-	507	(507)	-100%	870
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>5,056</b>	<b>11,797</b>	<b>11,870</b>	<b>1,044</b>	<b>6,260</b>	<b>6,893</b>	<b>(633)</b>	<b>-9%</b>	<b>11,870</b>
Community and social services		3,043	11,797	11,870	1,044	6,260	6,893	(633)	-9%	11,870
Sport and recreation		2,014	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>38,159</b>	<b>17,913</b>	<b>23,927</b>	<b>4,866</b>	<b>15,374</b>	<b>11,452</b>	<b>3,923</b>	<b>34%</b>	<b>23,927</b>
Planning and development		1,415	7,043	7,043	44	2,734	4,109	(1,375)	-33%	7,043
Road transport		36,744	10,870	16,883	4,822	12,641	7,343	5,298	72%	16,883
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>498,947</b>	<b>571,739</b>	<b>573,478</b>	<b>13,998</b>	<b>287,857</b>	<b>333,804</b>	<b>(45,947)</b>	<b>-14%</b>	<b>573,478</b>
Energy sources		34,000	30,000	30,000	343	11,566	17,500	(5,944)	-34%	30,000
Water management		444,716	499,565	501,304	13,655	270,946	291,703	(20,757)	-7%	501,304
Waste water management		20,231	42,174	42,174	-	5,356	24,601	(19,246)	-78%	42,174
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>246</b>	<b>3,448</b>	<b>3,448</b>	<b>-</b>	<b>2,039</b>	<b>2,011</b>	<b>28</b>	<b>1%</b>	<b>3,448</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>561,573</b>	<b>627,331</b>	<b>627,331</b>	<b>15,882</b>	<b>312,701</b>	<b>365,943</b>	<b>(53,242)</b>	<b>-15%</b>	<b>627,331</b>
<b>Funded by:</b>										
National Government		504,592	594,927	594,927	15,882	307,752	347,041	(39,289)	-11%	594,927
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>504,592</b>	<b>594,927</b>	<b>594,927</b>	<b>15,882</b>	<b>307,752</b>	<b>347,041</b>	<b>(39,289)</b>	<b>-11%</b>	<b>594,927</b>
<b>Borrowing</b>	6									
Internally generated funds		56,981	32,404	32,404	-	4,949	18,903	(13,954)	-74%	32,404
<b>Total Capital Funding</b>		<b>561,573</b>	<b>627,331</b>	<b>627,331</b>	<b>15,882</b>	<b>312,701</b>	<b>365,943</b>	<b>(53,242)</b>	<b>-15%</b>	<b>627,331</b>

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

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		163,909	146,574	146,574	408,775	146,574
Trade and other receivables from exchange transactions		1,517,568	1,518,421	1,518,421	1,685,373	1,518,421
Receivables from non-exchange transactions		993,234	1,060,605	1,060,605	1,052,349	1,060,605
Current portion of non-current receivables		-	-	-	-	-
Inventory		107,239	112,013	112,013	101,809	112,013
VAT		175,145	189,484	189,484	348,626	189,484
Other current assets		704	699	699	663	699
<b>Total current assets</b>		<b>2,957,797</b>	<b>3,027,796</b>	<b>3,027,796</b>	<b>3,597,595</b>	<b>3,027,796</b>
<b>Non current assets</b>						
Investments						
Investment property		200,308	205,599	205,599	201,743	205,599
Property, plant and equipment		2,465,059	2,873,339	2,873,339	2,776,324	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		-	-	-	-	-
<b>Total non current assets</b>		<b>2,718,554</b>	<b>3,131,060</b>	<b>3,131,060</b>	<b>3,031,255</b>	<b>3,131,060</b>
<b>TOTAL ASSETS</b>		<b>5,676,351</b>	<b>6,158,856</b>	<b>6,158,856</b>	<b>6,628,850</b>	<b>6,158,856</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	(16,688)	(16,688)	-	(16,688)
Consumer deposits		50,445	49,962	49,962	51,584	49,962
Trade and other payables from exchange transactions		900,690	1,191,824	1,191,824	1,056,417	1,191,824
Trade and other payables from non-exchange transactions		742	106,409	106,409	189,259	106,409
Provision		788	788	788	788	788
VAT		251,429	336,936	336,936	292,404	336,936
Other current liabilities		-	-	-	-	-
<b>Total current liabilities</b>		<b>1,204,094</b>	<b>1,669,231</b>	<b>1,669,231</b>	<b>1,590,453</b>	<b>1,669,231</b>
<b>Non current liabilities</b>						
Financial liabilities		841,699	139,019	139,019	833,662	139,019
Provision		317,027	303,908	303,908	317,027	303,908
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
<b>Total non current liabilities</b>		<b>1,158,726</b>	<b>442,927</b>	<b>442,927</b>	<b>1,150,689</b>	<b>442,927</b>
<b>TOTAL LIABILITIES</b>		<b>2,362,820</b>	<b>2,112,158</b>	<b>2,112,158</b>	<b>2,741,142</b>	<b>2,112,158</b>
<b>NET ASSETS</b>	2	<b>3,313,531</b>	<b>4,046,698</b>	<b>4,046,698</b>	<b>3,887,708</b>	<b>4,046,698</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		3,238,727	3,971,894	3,971,894	3,812,904	3,971,894
Reserves and funds		74,804	74,804	74,804	74,804	74,804
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>3,313,531</b>	<b>4,046,698</b>	<b>4,046,698</b>	<b>3,887,708</b>	<b>4,046,698</b>

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

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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		468,755	610,232	610,232	35,531	340,009	355,968	(15,960)	-4%	610,232
Service charges		1,254,616	1,891,008	1,891,008	116,036	746,737	1,103,088	(356,351)	-32%	1,891,008
Other revenue		1,079,730	421,814	421,814	41,108	285,133	246,058	39,075	16%	421,814
Transfers and Subsidies - Operational		312,601	323,676	323,676	2,000	246,541	188,811	57,730	31%	323,676
Transfers and Subsidies - Capital		574,597	684,166	684,166	-	537,526	399,097	138,429	35%	684,166
Interest		29,685	46,525	46,525	3,111	19,352	27,140	(7,787)	-29%	46,525
Dividends								-		
<b>Payments</b>										
Suppliers and employees		(3,205,722)	(3,207,739)	(3,207,739)	(218,135)	(2,019,614)	(1,871,181)	148,433	-8%	(3,207,739)
Interest		914	(15,880)	(15,880)	-	1,207	(9,264)	(10,470)	113%	(15,880)
Transfers and Subsidies		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>515,176</b>	<b>753,802</b>	<b>753,802</b>	<b>(20,349)</b>	<b>156,891</b>	<b>439,718</b>	<b>282,827</b>	<b>64%</b>	<b>753,802</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		6,763	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets		(561,573)	(721,431)	(721,431)	(15,882)	(312,701)	(420,835)	(108,134)	26%	(721,431)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(554,810)</b>	<b>(721,431)</b>	<b>(721,431)</b>	<b>(15,882)</b>	<b>(312,701)</b>	<b>(420,835)</b>	<b>(108,134)</b>	<b>26%</b>	<b>(721,431)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		100	-	-	9	39	-	39	#DIV/0!	-
<b>Payments</b>										
Repayment of borrowing		-	(16,688)	(16,688)	-	-	(9,735)	(9,735)	100%	(16,688)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>100</b>	<b>(16,688)</b>	<b>(16,688)</b>	<b>9</b>	<b>39</b>	<b>(9,735)</b>	<b>(9,773)</b>	<b>100%</b>	<b>(16,688)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(39,534)</b>	<b>15,684</b>	<b>15,684</b>	<b>(36,223)</b>	<b>(155,771)</b>	<b>9,149</b>			<b>15,684</b>
Cash/cash equivalents at beginning:		113,726	130,891	130,891	44,361	163,909	130,891			163,909
Cash/cash equivalents at month/year end:		74,192	146,574	146,574	8,138	8,138	140,039			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 R408,775 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			
		<b>National Treasury</b> <b>Municipal Debt Relief</b> <b>MFMA Circular No. 124</b> <b>Municipal Finance Management Act No. 56 of 2003</b>	
<b>Municipality Self-Assessment</b>			
<b>Certificate of Compliance: Municipal Debt Relief Conditions for Application</b>			
Period		Jan '26	
National Financial Year		2025/26	
Demarcation Code of Municipality being assessed		NC091	
District	Frances Baard		
Demarcation Description	Sol Plaatje		
I, <b>Bartholomew Matlala Municipal Manager</b> , hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in <b>MFMA Circular No. 124</b> 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:			
<b>Municipal Debt Relief Conditions (Monthly reporting)</b>			
			Choose from drop down list
<b>6.3 + Maintaining the Eskom and bulk water current account –</b> (current account for the purpose of this exercise means the account for a single month's consumption):			
Condition 6.12	6.12.2	- Has the municipality paid its <b>bulk water current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No
1			The municipality had insufficient cash to settle the current account for December 2025
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 <a href="https://iguploadportal.treasury.gov.za?">https://iguploadportal.treasury.gov.za?</a>	No
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No
			The invoice for December 2025 was not authorised timeously on the system
4	6.3.1	- Has the municipality paid its <b>Eskom bulk current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	No
			The municipality made a payment of R46,065 million on the October 2025 account that is fully settled. Partial payment of R46 million was made on the December 2025 account.
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 <a href="https://iguploadportal.treasury.gov.za?">https://iguploadportal.treasury.gov.za?</a>	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
<b>6.4 Compliance with a funded MTREF –</b> (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 - <a href="http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?">http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?</a>	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? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i>	Yes
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations? <i>Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>	Yes
11	6.4.2	- <b>If the municipality's MTREF is not funded</b> , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - If the municipality 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>	N/A - the MTREF is funde
12	6.4.2	- <b>If the municipality's MTREF is not funded and it has an FRP per the legislative framework</b> , 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	<b>Cost reflective tariffs –</b> (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?	No

Notes/Comments

	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:		
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	No	
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No	
	6.6	<b>Supporting evidence:</b> 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	<b>Maintain a minimum average quarterly collection of property rates and services charges –</b>		
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter	
		<i>Note – although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i>		
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :		
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1.	not yet the end of a quarter	
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed 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	<b>Municipality's Completeness of the revenue base –</b>		
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 <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ?	Yes	
	6.9	<b>Monitor and report on implementation –</b>		
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>	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 <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ?	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	<b>Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 7A of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:</b>		
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 <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ? <i>Note – in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	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?	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 6.11.</i>		
36	6.11	<b>Limitation on municipality borrowing powers</b> - 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	<b>For the duration of the Municipal Debt Relief (to ensure proper management of resources):</b>		
37	6.12.1	- has the municipality <b>apportioned and ring-fenced in a sub-account</b> to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) <b>the component of the Local Government Equitable Share (LGES)</b> the municipality earmarked to provide free basic electricity, water and sanitation?	<input type="text" value="No"/>	The municipality had insufficient cash to settle the Water account for December 2025 and made a partial payment on the Eskom current account for December 2025
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	<input type="text" value="No"/>	The municipality had insufficient cash to settle the Water account for December 2025 and made a partial payment on the Eskom current account for December 2025
		<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		<b>Supporting evidence</b> : 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	<b>Accounting Treatment</b> - 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="No"/>	The municipality must still account for the first third of the debt written off by National Treasury
41	6.14	<b>NERSA License</b> - 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 procurement of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.**

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



### **16.3 The National Treasury Debt Relief Compliance Assessment**

The latest National Treasury debt relief compliance certificate and non-compliance report issued to the municipality for the month of December 2025 is attached to this S71 report.

Here are the specific high-level recommendations for December 2025 according to the non-compliance certification.

#### **Prioritise Eskom Current Account Settlement as a Non-Negotiable Operational Imperative**

Immediately implement ring-fenced cash-flow protocols that allocate revenue to Eskom before discretionary expenditure. Establish weekly finance committee reviews of bulk service payment status with escalation to Municipal Manager for any deviation. Full and timely settlement of the current account is binary—partial payments invalidate MDRP eligibility and block the second-cycle debt write-off. Without this, all other reforms lack credibility.

#### **Restructure Revenue Enforcement Beyond Electricity-Only Tactics**

End reliance on electricity disconnections as the sole enforcement lever. Within 30 days, implement controlled water restrictions for non-payment (while protecting minimum free basic services) and enhance consolidated billing to enable cross-service debt recovery. This balanced approach must be uniformly applied across all consumer categories—no exemptions based on political considerations—to restore payment discipline across water (46%), wastewater (37%) and refuse (40%) services.

#### **Close the R10+ Million Valuation-to-Billing Gap Through System Integration**

Appoint a dedicated revenue integrity task team to reconcile General Valuation billing potential with Municipal Financial System outputs within 60 days. Prioritise correction of under-billing in high-value categories—particularly State Owned for Public Purpose properties (R7.3 million shortfall)—and enforce consistent tariff application across all property types. Revenue leakage at the billing stage compounds collection weaknesses; both must be addressed simultaneously. The municipality has indicated that government predominantly gets billed annually.

#### **Embed Smart Meter Infrastructure into an End-to-End Revenue Strategy**

Move beyond hardware installation to operationalise the 15,000+ smart meters installed in 2024. Within the next quarter, integrate meter data with billing systems to enable automated consumption controls for indigent households (capping at 50 kWh electricity/6 kl water), real-time arrears monitoring, and targeted enforcement. Technology without process integration delivers no revenue benefit.

#### **Adopt Conservative, Evidence-Based Revenue Assumptions in Budget Execution**

Revise MTREF implementation to reflect actual collection capacity (61%) rather than optimistic projections. Strengthen debt impairment provisioning to prevent overstated revenue and redirect national transfers to fund indigent support at appropriate levels. Fiscal sustainability requires planning for current reality—not aspirational targets—while implementing aggressive but realistic collection improvement trajectories.

#### **Institutionalise Monthly Council Accountability for Revenue Performance**

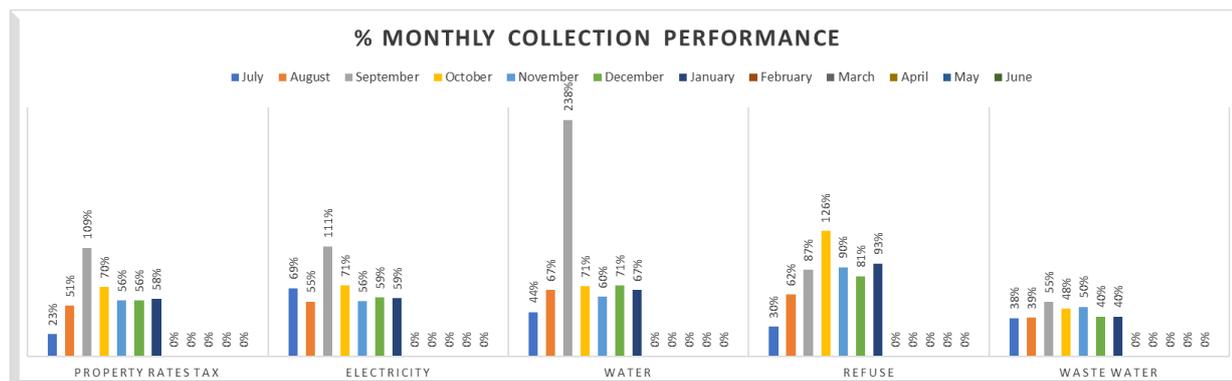
Transform Council oversight from passive endorsement to active verification. Introduce a standing agenda item with structured dashboards tracking: (i) Eskom/Water Board payment status, (ii) service-specific collection rates against 95% benchmark, (iii) arrears growth/reduction by category, and (iv) enforcement action metrics. Council must hold management accountable for outcomes—not just plans—with consequence management for sustained underperformance.

## Accelerate Tariff Restructuring Toward Cost Reflectivity with Phased Implementation

Commission an urgent review of trading service tariffs with a 12-month roadmap to cost reflectivity for water, sanitation, electricity and solid waste. Implement transparent communication campaigns to prepare communities for necessary adjustments, coupled with strengthened indigent targeting to protect vulnerable households. Without cost-reflective tariffs, operational deficits will persist regardless of collection improvements—undermining service delivery sustainability and MDRP compliance.

### 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

Aggregate Collection	Summary - Quarter 1				Summary - Quarter 2				Summary - Quarter 3				Summary - Quarter 4							
	Billing	Collection	R - Billing not collected	% Collection	Q1	Billing	Collection	R - Billing not collected	% Collection	Q2	Billing	Collection	R - Billing not collected	% Collection	Q1	Billing	Collection	R - Billing not collected	% Collection	Q1
1.Collection for whole demarcation	712,652,749	427,765,345	284,842,454	60%	60%	547,951,689	334,244,910	213,706,779	61%	61%	186,968,056	108,389,235	78,969,821	58%	58%	-	-	-	-	40%/0
2.Collection excl Eskom supplied areas	614,488,939	386,831,143	238,657,797	63%	63%	477,694,866	297,098,369	180,756,467	62%	62%	163,774,087	96,903,675	67,801,411	59%	59%	-	-	-	-	40%/0
3.Collection: Property Rates	271,762,961	198,961,285	72,861,677	73%	73%	160,810,941	108,300,214	52,510,728	67%	67%	53,156,847	35,538,828	17,617,019	67%	67%	-	-	-	-	40%/0
4.Total average collection: Electricity (Municipal supplied areas)	210,307,976	153,191,710	57,116,267	73%	73%	143,824,188	148,963,435	1,260,753	99%	99%	49,229,912	45,941,794	3,288,128	93%	93%	-	-	-	-	40%/0
5.Total average collection: Water	89,997,083	41,522,306	48,474,778	46%	46%	101,738,190	46,821,695	54,937,495	46%	46%	41,192,676	16,967,483	24,225,194	41%	41%	-	-	-	-	40%/0
6.Total average collection: Wastewater	37,886,749	14,045,969	23,821,181	37%	37%	38,691,378	13,962,572	23,088,807	37%	37%	12,239,270	4,092,711	8,146,559	33%	33%	-	-	-	-	40%/0
7.Total average collection: Refuse	26,158,008	12,148,152	17,010,396	42%	42%	29,000,248	11,671,800	17,328,418	40%	40%	9,621,171	3,629,775	5,991,396	38%	38%	-	-	-	-	40%/0
8.Total average collection: Interest	73,909,471	7,951,324	65,958,146	11%	11%	69,900,744	5,526,185	64,374,559	8%	8%	21,525,180	2,618,854	18,906,326	12%	12%	-	-	-	-	40%/0

Description	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26
Monthly collection rate (Property rates and Services)	57%	71%	39%	111%	88%	69%	65%	67%
Revised average collection rate (SPLM)	77%	47%	77%	76%	79%	78%	78%	77%
Collection rate per Ward (Monthly)	60%	34%	51%	109%	70%	56%	56%	58%
Collection rate per Ward (Quarterly)	66%	-	-	60%	-	-	61%	-

The monthly collection rate per ward is a major concern and it not at a desired level. The collection rate increased slightly from 56% to 58% for the month under review. 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 January 2026 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	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	7 January - Reporting for December in January				Q3 to previous month	Summary - Quarter 3				Q3
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing for December	Collection in January	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection	
1 Collection for whole demarcation	712,652,740	427,700,945	284,942,404	60%	65%	547,951,689	314,244,910	213,766,779	62%	62%	386,916,056	209,389,225	79,568,821	54%	58%	386,916,056	209,389,225	79,568,821	54%	58%
2 Collection end Eskom supplied areas	615,486,939	386,831,143	228,657,797	63%	61%	477,894,866	297,098,399	180,766,467	62%	62%	363,774,087	95,903,675	71,866,732	50%	50%	363,774,087	95,903,675	67,870,411	59%	50%
3 Collection: <b>Property Rates</b>	271,762,961	198,903,385	72,861,677	73%	73%	360,810,941	308,300,214	52,510,728	85%	87%	53,155,847	35,538,828	17,617,019	67%	67%	53,155,847	35,538,828	17,617,019	67%	67%
4 Total average collection: <b>Electricity</b> (Municipal supplied areas)	230,207,976	151,191,710	57,116,267	75%	75%	349,824,188	346,561,415	3,262,773	99%	99%	49,229,912	45,941,784	3,288,128	93%	93%	49,229,912	45,941,784	3,288,128	93%	93%
5 Total average collection: <b>Water</b>	89,997,083	41,522,306	48,474,778	46%	46%	351,759,190	46,821,695	54,937,695	13%	13%	41,190,676	16,567,483	24,623,194	40%	40%	41,190,676	16,567,483	24,623,194	40%	40%
6 Total average collection: <b>Wastewater</b>	37,866,740	14,045,569	23,821,181	37%	37%	36,651,378	13,562,572	23,088,807	37%	37%	12,235,270	4,092,711	8,142,559	33%	33%	12,235,270	4,092,711	8,142,559	33%	33%
7 Total average collection: <b>Refuse</b>	26,158,508	12,148,152	17,010,356	47%	47%	29,000,248	13,671,810	17,328,438	47%	47%	9,621,171	3,629,775	5,991,396	38%	38%	9,621,171	3,629,775	5,991,396	38%	38%
8 Total average collection: <b>Interest</b>	73,506,472	7,951,324	65,555,148	11%	11%	66,900,744	5,325,165	64,575,579	8%	8%	21,125,180	2,618,654	18,506,526	12%	12%	21,125,180	2,618,654	18,506,526	12%	12%

Complete This Section										Quarter 1 Performance Per Ward					Quarter 2 Performance Per Ward					Quarter 3 Performance Per Ward				
Services	Electricity Supplier	Ward Name & Number	Billing	Collection	R - Billing not collected	% Collection	Q1	Billing	Collection	R - Billing not collected	% Collection	Q2	7 January					Billing	Collection	R - Billing not collected	% Collection	Q3		
													Billing for June	Collection for June in July	Raw Value of Billing not collected	% Collection	Q1							
Property Rates Tax	Manx Suggested	Ward 1 - Park Victoria	431,378	154,369	188,009	31%	31%	431,660	445,861	31,179	94%	94%	158,680	30,368	128,312	19%	19%	158,680	30,368	128,312	19%	19%		
Water	Manx Suggested	Ward 1 - Park Victoria	2,567,655	4,322,077	(1,754,423)	168%	168%	5,081,085	2,911,488	2,169,597	50%	50%	2,231,590	979,130	1,252,461	44%	44%	2,231,590	979,130	1,252,461	44%	44%		
Refuse	Manx Suggested	Ward 1 - Park Victoria	6,296,797	3,602,939	2,693,858	57%	57%	6,296,797	3,602,939	2,693,858	50%	50%	2,040,874	1,598,531	42,343	98%	98%	2,040,874	1,598,531	42,343	98%	98%		
Waste Water	Manx Suggested	Ward 1 - Park Victoria	366,116	106,627	256,488	29%	29%	387,992	81,803	306,189	21%	21%	128,760	54,939	73,821	43%	43%	128,760	54,939	73,821	43%	43%		
Interest	Manx Suggested	Ward 1 - Park Victoria	329,689	81,047	248,642	25%	25%	333,280	127,908	205,372	38%	38%	111,415	9,073	102,342	8%	8%	111,415	9,073	102,342	8%	8%		
Property Rates Tax	Manx Suggested	Ward 2 - Woodlands	2,170,893	99,583	2,071,310	5%	5%	2,152,803	52,966	2,099,837	2%	2%	675,138	11,320	663,818	2%	2%	675,138	11,320	663,818	2%	2%		
Water	Manx Suggested	Ward 2 - Woodlands	5,262,821	3,984,029	1,278,792	74%	74%	5,082,241	1,432,233	3,650,008	47%	47%	1,014,910	455,556	558,354	45%	45%	1,014,910	455,556	558,354	45%	45%		
Refuse	Manx Suggested	Ward 2 - Woodlands	10,959,380	6,052,927	4,906,453	57%	57%	10,959,380	6,052,927	4,906,453	57%	57%	2,955,301	147,486	1,478,515	50%	50%	2,955,301	147,486	1,478,515	50%	50%		
Waste Water	Manx Suggested	Ward 2 - Woodlands	1,976,652	674,882	1,301,770	34%	34%	2,429,064	765,741	1,663,323	32%	32%	1,143,068	245,017	898,051	21%	21%	1,143,068	245,017	898,051	21%	21%		
Interest	Manx Suggested	Ward 2 - Woodlands	1,833,328	324,350	1,508,978	25%	25%	1,833,328	304,142	1,529,186	26%	26%	444,834	117,916	326,918	27%	27%	444,834	117,916	326,918	27%	27%		
Property Rates Tax	Manx Suggested	Ward 3 - Woodlands	1,932,278	486,200	1,446,078	25%	25%	1,964,207	499,624	1,464,583	25%	25%	656,052	165,702	490,350	25%	25%	656,052	165,702	490,350	25%	25%		
Water	Manx Suggested	Ward 3 - Woodlands	2,567,306	96,327	2,470,979	4%	4%	2,467,853	131,274	2,336,579	5%	5%	768,060	71,390	696,670	9%	9%	768,060	71,390	696,670	9%	9%		
Refuse	Manx Suggested	Ward 3 - Woodlands	3,649,290	865,077	2,784,212	24%	24%	3,686,877	655,823	3,031,054	43%	43%	655,554	217,793	447,761	33%	33%	655,554	217,793	447,761	33%	33%		
Waste Water	Manx Suggested	Ward 3 - Woodlands	449,692	364,252	85,440	56%	56%	480,860	331,983	148,877	69%	69%	158,213	86,739	71,473	55%	55%	158,213	86,739	71,473	55%	55%		
Interest	Manx Suggested	Ward 3 - Woodlands	1,517,029	383,073	1,133,956	25%	25%	1,888,643	415,651	1,472,992	22%	22%	773,691	128,987	644,704	17%	17%	773,691	128,987	644,704	17%	17%		
Property Rates Tax	Manx Suggested	Ward 4 - Woodlands	766,239	206,771	559,468	27%	27%	772,239	224,482	547,757	29%	29%	257,435	57,313	200,122	22%	22%	257,435	57,313	200,122	22%	22%		
Water	Manx Suggested	Ward 4 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		
Refuse	Manx Suggested	Ward 4 - Woodlands	1,676,993	80,468	1,596,524	5%	5%	1,682,477	149,748	1,532,729	9%	9%	521,036	39,302	481,734	8%	8%	521,036	39,302	481,734	8%	8%		
Waste Water	Manx Suggested	Ward 4 - Woodlands	3,649,290	865,077	2,784,212	24%	24%	3,686,877	655,823	3,031,054	43%	43%	655,554	217,793	447,761	33%	33%	655,554	217,793	447,761	33%	33%		
Interest	Manx Suggested	Ward 4 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		
Property Rates Tax	Manx Suggested	Ward 5 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		
Water	Manx Suggested	Ward 5 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		
Refuse	Manx Suggested	Ward 5 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		
Waste Water	Manx Suggested	Ward 5 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		
Interest	Manx Suggested	Ward 5 - Woodlands	1,091,587	300,702	790,885	28%	28%	1,099,384	310,843	788,541	28%	28%	366,523	79,350	287,173	22%	22%	366,523	79,350	287,173	22%	22%		



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.



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

**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)

Ref	Description	As Per Debt Relief Application		2025/2026 - Monthly Monitoring															
		Current Year - 2025/2026		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
1	<b>Indigent Household service targets</b>																		
	<b>Water: (Include All Indigent households also in Eskom supplied areas)</b>																		
	Indigent HHs with piped water inside dwelling	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563							
	Indigent HHs with piped water inside yard (but not in dwelling)																		
	Indigent HHs using public tap (at least min.service level)																		
	Indigent HHs with other water supply (at least min.service level)																		
	<b>Total no. of Indigent HHs receiving Minimum Service Level and Above sub-total</b>	<b>7,390</b>	<b>11,800</b>	<b>11,800</b>	<b>11,800</b>	<b>7,659</b>	<b>7,518</b>	<b>7,196</b>	<b>7,332</b>	<b>7,497</b>	<b>7,477</b>	<b>7,563</b>							
	Indigent HHs using public tap (< min.service level)																		
	Indigent HHs with other water supply (< min.service level)																		
	Indigent HHs with No water supply																		
	<b>Total no. of Indigent HHs receiving - Below Minimum Service Level sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
	<b>Total number of registered indigent households</b>	<b>7,390</b>	<b>11,800</b>	<b>11,800</b>	<b>11,800</b>	<b>7,659</b>	<b>7,518</b>	<b>7,196</b>	<b>7,332</b>	<b>7,497</b>	<b>7,477</b>	<b>7,563</b>							
	<b>Status of Water meters:</b>																		
	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	7,196	7,332	7,497	7,477	7,563							
	Number of Indigent HHs NOT metered currently - Water																		
	Number of Indigent HHs with NO Water supply - No metering																		
	<b>Total number of registered indigent households</b>	<b>7,390</b>	<b>11,800</b>	<b>11,800</b>	<b>11,800</b>	<b>7,659</b>	<b>7,518</b>	<b>7,196</b>	<b>7,332</b>	<b>7,497</b>	<b>7,477</b>	<b>7,563</b>							
	<b>Status of unlimited supply of Water:</b>																		
	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																		
	<b>Total number of registered indigent households receiving unlimited supply - Water</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
	Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HHs billed for consumption above the 6 kilolitres																		
	<b>Energy: (Include All Indigent households also in Eskom supplied areas)</b>																		
	Indigent HHs with Electricity (at least min.service level)																		
	Indigent HHs with Electricity - prepaid (min.service level)																		
	<b>Total no. of Indigent HHs receiving Minimum Service Level and Above sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
	Indigent HHs with Electricity (< min.service level)																		
	Indigent HHs with Electricity - prepaid (< min. service level)																		
	Indigent HHs with other energy sources																		
	<b>Total no. of Indigent HHs receiving - Below Minimum Service Level sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
	<b>Total number of registered indigent households</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
	<b>Status of Electricity meters:</b>																		
	Number of Indigent HHs with prepaid Electricity																		
	Number of Indigent HHs with conventional metered Electricity	7,390	11,800	11,800	11,800	6,899	6,793	6,430	6,571	7,497	7,477	7,563							
	Number of Indigent HHs NOT metered currently - Electricity																		
	Number of indigent HHs with other energy sources - No metering																		
	<b>Total number of registered indigent households</b>	<b>7,390</b>	<b>11,800</b>	<b>11,800</b>	<b>11,800</b>	<b>6,899</b>	<b>6,793</b>	<b>6,430</b>	<b>6,571</b>	<b>7,497</b>	<b>7,477</b>	<b>7,563</b>							
	<b>Status of unlimited supply of Electricity:</b>																		
	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																		
	<b>Total number of registered indigent households receiving unlimited supply - Electricity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
	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																		
	<b>Number of ALL Households receiving Free Basic Service (including registered Indigent Households)</b>																		
	Water (6 kilolitres per household per month)	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563							
	Electricity/other energy (50kwh per household per month)	7,390	11,800	11,800	11,800	6,899	6,793	6,430	6,571	7,497	7,477	7,563							
	<b>Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)</b>																		
	Water (6 kilolitres per household per month)	10,000,000	8,000,000	8,000,000	8,000,000	258,044	275,513	271,989	272,560	277,661	299,510	331,060							
	Electricity/other energy (50kwh per household per month)	12,000,000	13,000,000	13,000,000	13,000,000	884,716	18,128	870,917	1,649,889	17,690	836,043	845,045							
	<b>Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)</b>																		
	Water (6 kilolitres per household per month)																		
	Electricity/other energy (50kwh per household per month)																		
	<b>Total cost of FBS Water and Electricity provided to ALL Households</b>	<b>22,000,000</b>	<b>21,000,000</b>	<b>21,000,000</b>	<b>21,000,000</b>	<b>1,142,760</b>	<b>293,641</b>	<b>1,142,907</b>	<b>1,922,450</b>	<b>295,351</b>	<b>1,095,554</b>	<b>1,176,095</b>							
	<b>Highest level of free service provided per household (ALL Households)</b>																		
	Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000							
	Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6	6	6							
	Sanitation (kilolitres per household per month)	213	213	213	213	213	213	213	213	213	213	213							
	Sanitation (Rand per household per month)	198	198	198	198	198	198	198	198	198	198	198							
	Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50	50	50							
	Refuse (average litres per week)	21	21	21	21	21	21	21	21	21	21	21							
	<b>Revenue cost of subsidised services provided for ALL Households (R'000)</b>																		
	<b>Residential Category: Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)</b>																		
	<b>PSI Category: Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)</b>																		
	<b>Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA</b>																		
	Water (in excess of 6 kilolitres per indigent household per month)	37,240,000	36,400,000	36,400,000	36,400,000	641,608	591,385	591,983	593,904	595,500	596,728	594,979							
	Sanitation (in excess of free sanitation service to indigent households)	21,500,000	20,000,000	20,000,000	20,000,000	-	766,241	714,745	720,957	976,728	854,746	779,853							
	Electricity/other energy (in excess of 50 kwh per indigent household per month)	3,400,000	3,500,000	3,500,000	3,500,000	-	-	-	-	-	-	-							
	Refuse (in excess of one removal a week for indigent households)	41,000,000	41,000,000	41,000,000	41,000,000	-	1,756,506	1,085,859	877,648	687,242	686,096	699,004							
	Municipal Housing - rental rebates	4,400,000	4,800,000	4,800,000	4,800,000	-	126,511	126,511	130,950	126,781	124,822	130,856							
	Housing - top structure subsidies																		
	Other																		
	<b>Total revenue cost of subsidised services provided</b>	<b>107,540,000</b>	<b>#####</b>	<b>105,700,000</b>	<b>105,700,000</b>	<b>641,608</b>	<b>3,240,643</b>	<b>2,519,098</b>	<b>2,323,459</b>	<b>2,386,251</b>	<b>2,261,420</b>	<b>2,204,692</b>							

**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 - 30/06/2027					
Financial Year	2025/2026					
Reconciliation Period	Quarter 2					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	51165	51165	0	24,238,653,603	24,238,653,603	-
Industrial	203	203	0	801,740,000	801,740,000	-
Business and Commercial	2338	2338	0	7,647,200,001	7,647,200,001	-
Agricultural	425	425	0	2,636,716,700	2,636,716,700	-
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	453	453	0	149,999,000	149,999,000	-
PBO	229	229	0	517,999,001	517,999,001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	240	240	0	609,109,000	609,109,000	-
Municipal	9304	9304	0	1,578,008,503	1,578,008,503	-
Other	0	0	0	-	-	-
<b>Total</b>	<b>64,511</b>	<b>64,511</b>	<b>-</b>	<b>40,780,982,208</b>	<b>40,780,982,208</b>	<b>-</b>
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	25,541,077	23,926,566	1,614,512	25,541,077	24,068,923	1,472,154
Industrial	2,534,701	2,406,920	127,781	2,534,701	2,476,789	57,912
Business and Commercial	24,176,623	21,961,762	2,214,861	24,176,623	22,104,070	2,072,553
Agricultural	694,775	489,960	204,815	694,775	490,677	204,097
Mining	649,288	622,019	27,270	649,288	622,019	27,270
State Owned for Public Purpose	10,796,997	3,453,148	7,343,849	10,796,997	3,453,148	7,343,849
PSI	-	-	-	-	-	-
PBO	-	2,498	- 2,498	-	-	-
Multi Use	-	-	-	-	-	-
Vacant	-	-	-	-	-	-
POW	-	13,554	- 13,554	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
<b>Total</b>	<b>64,393,461</b>	<b>52,876,427</b>	<b>11,517,034</b>	<b>64,393,461</b>	<b>53,215,626</b>	<b>11,177,835</b>

**Properties reconciliation**

After populating the GVR Reconciliation for the second quarter for the 2025/26 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.

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

i) Indicated below is the Eskom Bulk invoice for December 2025 which was due and payable during the month of reporting, on or before 02 February 2026.



ESKOM HOLDINGS SOC LTD REG NO 2002/015527/30  
VAT REG NO 4740101508

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

NORTH WESTERN REGION  
PRIVATE BAG X18 Westville 3830

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



CUSTOMER SELF SERVICE WEBSITE  
<https://csonline.co.za>

NORTH WESTERN REGION  
PRIVATE BAG X16 Westville 3630

**DIRECT DEPOSIT DETAIL**  
BANK: First National Bank  
BRANCH CODE: 223626  
BANK ACC NO: 55070067316

YOUR ACCOUNT NO	5449407898
SECURITY HELD	31243194.11
BILLING DATE	2026-01-02
TAX INVOICE NO	544578641500
ACCOUNT MONTH	DECEMBER 2025
CURRENT DUE DATE	2026-02-02
VAT REG NO	4370102313

### TAX INVOICE

E-MAIL: [tmolwa@solplaatje.org.za](mailto:tmolwa@solplaatje.org.za)

ACCOUNT TRANSACTION SUMMARY		
ADMINISTRATION CHARGE	R	609.77
TRANSMISSION NETWORK CAPACITY	R	1,085,600.00
DIST. NETWORK CAPACITY CHARGE	R	1,802,840.00
NETWORK DEMAND CHARGE	R	680,019.39
URBAN LOW VOLTAGE SUBSIDY	R	247,530.00
ANCILLARY SERVICE (ALL)	R	132,232.02
GENERATOR CAPACITY CHARGE	R	717,080.00
LEGACY CHARGE (ALL)	R	7,480,044.06
ENERGY CHARGE (STD)	14,294,256.00	R 21,175,510.84
ENERGY CHARGE (PEAK)	5,516,187.00	R 14,533,407.89
ENERGY CHARGE (OFF)	15,927,943.00	R 18,853,356.49
SERVICE CHARGE	R	35,213.52
ELECTRIFICATION AND RURAL SUBS (ALL)	R	1,794,066.93
<b>TOTAL CHARGES FOR BILLING PERIOD</b>	<b>R</b>	<b>66,497,380.91</b>

ACCOUNT SUMMARY FOR DECEMBER 2025		
BALANCE BROUGHT FORWARD	(Due Date 2025-12-31)	R 1,048,483,744.70
PAYMENT(S) RECEIVED	Cash - 2025-12-18	R -80,000,000.00
TOTAL CHARGES FOR BILLING PERIOD		R 66,497,380.91
ADJUSTMENT	Interest on overdue account	R 337,189.33
ADJUSTMENT	Interest on overdue payment arrangement debt	R 540,536.88
ADJUSTMENT	Interest on overdue account	R 5,957,788.30
PAYMENT ARRANGEMENT	5447737377 (Balance o/s R 42,462,000.00)	R 6,700,000.00
VAT RAISED ON ITEMS AT 15%		R 9,974,607.14

**ACCOUNT NO / REFERENCE NO**  
5449407898

**NAME**  
SOL PLAATJE LOCAL MUNICIPALITY

**FAX NUMBER**

 7100 10 0010

<b>CURRENT</b>				
90,016,482.56	<b>TOTAL DUE</b>	<b>R</b>		<b>1,078,500,227.26</b>
<b>ARREARS</b>				
<b>&gt;90 DAYS</b>	<b>61-90 DAYS</b>	<b>31-60 DAYS</b>	<b>16-30 DAYS</b>	
808,653,041.94	0.00	179,830,702.76	0.00	

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

272157001 5449407898 4



9207 2544 9407 8987



**TOTAL AMOUNT DUE**  
**1,078,500,227.26**

Indicated below is the January 2026 account which is due and payable on or before 04 March 2026.



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

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

NORTH WESTERN REGION  
PRIVATE BAG X16 Westville 3630

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



CUSTOMER SELF SERVICE WEBSITE  
<https://csonline.co.za>

NORTH WESTERN REGION  
PRIVATE BAG X16 Westville 3630

**DIRECT DEPOSIT DETAIL**  
BANK: First National Bank  
BRANCH CODE: 223626  
BANK ACC NO: 66070087318

YOUR ACCOUNT NO	5449407898
SECURITY HELD	31243194.11
BILLING DATE	2026-02-02
TAX INVOICE NO	544006213713
ACCOUNT MONTH	JANUARY 2026
CURRENT DUE DATE	2026-03-04
VAT REG NO	4370102313

### TAX INVOICE

E-MAIL: [tsoiwa@solplaatje.org.za](mailto:tsoiwa@solplaatje.org.za)

ACCOUNT TRANSACTION SUMMARY			
ADMINISTRATION CHARGE	R	609.77	
TRANSMISSION NETWORK CAPACITY	R	1,065,600.00	
DIST. NETWORK CAPACITY CHARGE	R	1,802,640.00	
NETWORK DEMAND CHARGE	R	720,483.65	
URBAN LOW VOLTAGE SUBSIDY	R	247,530.00	
ANCILLARY SERVICE (ALL)	R	142,667.82	
GENERATOR CAPACITY CHARGE	R	717,060.00	
LEGACY CHARGE (ALL)	R	8,070,371.57	
ENERGY CHARGE (STD)	15,855,552.00	R	23,488,414.73
ENERGY CHARGE (PEAK)	6,213,057.00	R	16,369,541.28
ENERGY CHARGE (OFF)	16,490,262.00	R	17,448,346.22
SERVICE CHARGE	R	35,213.52	
ELECTRIFICATION AND RURAL SUBS (ALL)	R	1,935,655.27	
<b>TOTAL CHARGES FOR BILLING PERIOD</b>	<b>R</b>	<b>72,044,133.83</b>	
ACCOUNT SUMMARY FOR JANUARY 2026			
BALANCE BROUGHT FORWARD	(Due Date 2026-02-02)	R	1,078,500,227.26
PAYMENT(S) RECEIVED	Cash - 2026-01-08	R	-46,065,807.73
PAYMENT(S) RECEIVED	Cash - 2026-01-26	R	-46,000,000.00
TOTAL CHARGES FOR BILLING PERIOD		R	72,044,133.83
ADJUSTMENT	Interest on overdue account	R	4,824,315.11
ADJUSTMENT	Interest on overdue payment arrangement debt	R	459,811.11
PAYMENT ARRANGEMENT	5447737377 (Balance o/s R 35,762,000.00)	R	6,700,000.00
VAT RAISED ON ITEMS AT 15%		R	10,806,620.07
<b>CURRENT</b>			
94,834,880.12	<b>TOTAL DUE</b>	<b>R</b>	<b>1,081,269,299.65</b>
ARREARS			
>90 DAYS	61-90 DAYS	31-90 DAYS	18-30 DAYS
809,353,041.94	87,064,895.03	90,016,482.56	0.00
Total outstanding debt must be settled immediately, subject to disconnection without further notice			

ACCOUNT NO / REFERENCE NO	5449407898
NAME	BOL PLAATJE LOCAL MUNICIPALITY
FAX NUMBER	
unipay 7100 10 0010	

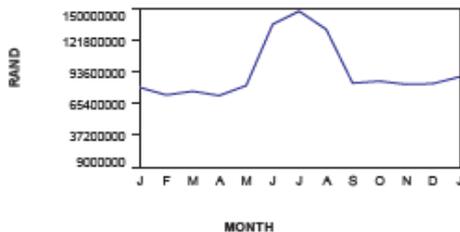
2721570015449407898 4



9207 2544 9407 8987



<b>TOTAL AMOUNT DUE</b>
<b>1,081,269,299.65</b>



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BILL GROUP	
BILL PAGE	1 OF 2

<b>PAYMENT ARRANGEMENT</b>	
INSTALMENT	6,700,000.00
ARREARS (Due Immediately)	986,434,419.33
DUE DATE (For Current Amount)	2026-03-04
AMOUNT PAID	

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT

- ii) Indicated below is the municipality's proof of payment of the Eskom Bulk account payments for the month of January 202. The total payments made by the municipality amounted to R92 million.

SOL PLAATJE MUNICIPALITY  
PRIVATE BAG X5030  
KIMBERLEY 8300

REMITTANCE ADVICE  
-----

ESKOM HOLDINGS  
PRIVATE BAG X16  
WESTVILLE  
3630

08/01/2026

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: DUNA008573

CHEQUE/ELE NO: 77076210

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
04/11/2025	SUN	544900167836/3	33644565.82		5046684.87	38691250.69
04/11/2025	SUN	544900167836/3	7374557.04		0.00	7374557.04

SUB TOTAL: 5046684.87 46065807.73

5046684.87 46065807.73

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

26/01/2026

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATZ000014

CHEQUE/ELE NO: 77076430

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/01/2026	SUN	544578641500	34048265.64		5107239.85	39155505.49
02/01/2026	SUN	544578641500	6844494.51		0.00	6844494.51

SUB TOTAL: 5107239.85 46000000.00  
5107239.85 46000000.00

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 M07 – January 2026 pertaining to electricity.

	2026	
	M07	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Deposits	-70,457,071	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	74,303,774	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	22,855,298	97,159,072
Expenditure:Bulk Purchases:Electricity:ESKOM	74,303,774	

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

Datastrings & FMS Recon - Jan 2026 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
<b>BULK PURCHASES:ELECTRICITY:ESKOM</b>	<b>276,387,329.51</b>	<b>202,083,555.34</b>	<b>74,303,774.17</b>	Bulk Purchases vote reconciles to datastrings
<b>Combined vouchers</b>	<b>80,949,984.26</b>	<b>40,057,224.11</b>	<b>40,892,760.15</b>	
CATZ000013000128822340010ELMRCZZWM	-	40,057,224.11	- 40,057,224.11	Cancelled ELE
Cheque No : 77076430 Bank No : 901	40,892,760.15	-	40,892,760.15	Payment of R46 million
Cheque No : 77076486 Bank No : 901	40,057,224.11	-	40,057,224.11	Cancelled ELE
<b>Sundry Accruals</b>	<b>154,418,222.39</b>	-	<b>154,418,222.39</b>	
Sundry CATA013984	73,341,875.42	-	73,341,875.42	
Sundry DUNA008573	81,076,346.97	-	81,076,346.97	
<b>Sundry Accruals Reversals</b>	-	<b>162,026,331.23</b>	<b>-162,026,331.23</b>	
Cheque No : 77076210 Bank No : 901	-	41,019,122.86	- 41,019,122.86	
Cheque No : 77076430 Bank No : 901	-	40,892,760.15	- 40,892,760.15	
Cheque No : 77076486 Bank No : 901	-	40,057,224.11	- 40,057,224.11	Cancelled ELE
Sundry DUNA008573	-	40,057,224.11	- 40,057,224.11	Cancelled ELE
<b>Sundry Payments</b>	<b>41,019,122.86</b>	-	<b>41,019,122.86</b>	
Cheque No : 77076210 Bank No : 901	41,019,122.86	-	41,019,122.86	Payment of R46 million
<b>Grand Total</b>	<b>276,387,329.51</b>	<b>202,083,555.34</b>	<b>74,303,774.17</b>	

Datastrings & FMS Recon - Jan 2026 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
<b>ELECTRICITY BULK PURCH ACC 01:WITHDRAWAL</b>	<b>143,224,880.09</b>	<b>46,065,807.73</b>	<b>97,159,072.36</b>	Withdrawal vote reconciles to datastrings
Cancel ELE 77076486	-	46,065,807.73	-46,065,807.73	Cancelled ELE
Create Cheque 77076209 Voucher No DUNA008572	13,586.20	-	13,586.20	Payment minor Eskom account
Create Cheque 77076210 Voucher No DUNA008573	46,065,807.73	-	46,065,807.73	Payment on October 2025 invoice
Create Cheque 77076239 Voucher No CATA013985	7,949.70	-	7,949.70	Payment minor Eskom account
Create Cheque 77076391 Voucher No CATA014000	15,748.38	-	15,748.38	
Create Cheque 77076392 Voucher No CATA014001	14,831.47	-	14,831.47	
Create Cheque 77076393 Voucher No CATA014002	46,855.47	-	46,855.47	
Create Cheque 77076394 Voucher No CATA014003	15,961.93	-	15,961.93	
Create Cheque 77076395 Voucher No CATA014009	118,730.57	-	118,730.57	
Create Cheque 77076430 Voucher No CATZ000014	46,000,000.00	-	46,000,000.00	Payment on December 2025 invoice
Create Cheque 77076477 Voucher No CATA014035	85,711.30	-	85,711.30	Payment minor Eskom account
Create Cheque 77076486 Voucher No CATZ000013	46,065,807.73	-	46,065,807.73	Cancelled ELE
Create Cheque 77076583 Voucher No CATA014039	4,746,165.59	-	4,746,165.59	Payment Riverton account
Create Cheque 77076584 Voucher No CATA014040	6,660.57	-	6,660.57	Payment minor Eskom account
Create Cheque 77076585 Voucher No CATA014041	687.13	-	687.13	
Create Cheque 77076586 Voucher No CATA014042	693.43	-	693.43	
Create Cheque 77076587 Voucher No CATA014043	19,682.89	-	19,682.89	
<b>ELECTRICITY BULK PURCHASE ACC 01:DEPOSIT</b>	<b>253,309,171.25</b>	<b>323,766,242.74</b>	<b>-70,457,071.49</b>	Deposits vote reconciles to datastrings
Cancel ELE 77076486	46,065,807.73	-	46,065,807.73	
Create Cheque 77076209 Voucher No DUNA008572	13,586.20	13,586.20	-	
Create Cheque 77076210 Voucher No DUNA008573	46,065,807.73	46,065,807.73	-	
Create Cheque 77076239 Voucher No CATA013985	7,949.70	7,949.70	-	
Create Cheque 77076391 Voucher No CATA014000	15,748.38	15,748.38	-	
Create Cheque 77076392 Voucher No CATA014001	14,831.47	14,831.47	-	
Create Cheque 77076393 Voucher No CATA014002	46,855.47	46,855.47	-	
Create Cheque 77076394 Voucher No CATA014003	15,961.93	15,961.93	-	
Create Cheque 77076395 Voucher No CATA014009	118,730.57	118,730.57	-	
Create Cheque 77076430 Voucher No CATZ000014	46,000,000.00	46,000,000.00	-	
Create Cheque 77076477 Voucher No CATA014035	85,711.30	85,711.30	-	
Create Cheque 77076486 Voucher No CATZ000013	46,065,807.73	46,065,807.73	-	
Create Cheque 77076583 Voucher No CATA014039	4,746,165.59	4,746,165.59	-	
Create Cheque 77076584 Voucher No CATA014040	6,660.57	6,660.57	-	
Create Cheque 77076585 Voucher No CATA014041	687.13	687.13	-	
Create Cheque 77076586 Voucher No CATA014042	693.43	693.43	-	
Create Cheque 77076587 Voucher No CATA014043	19,682.89	19,682.89	-	
Sundry CATA013984 Creditor Control	-	83,316,482.56	-83,316,482.56	
Sundry CATA013985 Creditor Control	-	7,949.70	- 7,949.70	
Sundry CATA014000 Creditor Control	-	15,748.38	- 15,748.38	
Sundry CATA014001 Creditor Control	-	14,831.47	- 14,831.47	
Sundry CATA014002 Creditor Control	-	46,855.47	- 46,855.47	
Sundry CATA014003 Creditor Control	-	15,961.93	- 15,961.93	
Sundry CATA014009 Creditor Control	-	118,730.57	- 118,730.57	
Sundry CATA014035 Creditor Control	-	85,711.30	- 85,711.30	
Sundry CATA014039 Creditor Control	-	4,746,165.59	- 4,746,165.59	
Sundry CATA014040 Creditor Control	-	6,660.57	- 6,660.57	
Sundry CATA014041 Creditor Control	-	687.13	- 687.13	
Sundry CATA014042 Creditor Control	-	693.43	- 693.43	
Sundry CATA014043 Creditor Control	-	19,682.89	- 19,682.89	
Sundry DUNA008539 Creditor Control	17,952,675.70	-	17,952,675.70	
Sundry DUNA008572 Creditor Control	-	13,586.20	- 13,586.20	
Sundry DUNA008573 Creditor Control	46,065,807.73	92,131,615.46	-46,065,807.73	
<b>Grand Total</b>	<b>396,534,051.34</b>	<b>369,832,050.47</b>	<b>26,702,000.87</b>	

### 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) Indicated below , is the DWS current account for December 2025 which was due and payable on or before the 30 January 2026.

Page 1 of 1

NWRI Customer Ref no: 60005150  
 Customer No: 25014305  
 Contract Acc. No: 100478320  
 Document No: 412794180  
 Document Date: 31.12.2025  
 Payment Terms: 30 Days  
 Due Date: 30.01.2026  
 Customer VAT Reg. No: 4370102313

**TAX INVOICE**  
 DWS VAT Reg. no 4040112261



**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: 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: D&I WATER SUPPLY SERVICE				
Water Source Type: SCHEME;				
<b>Contract No: 10087405 ( 25014305/13 )</b>				
Water Use Period: 01.12.2025 to 31.12.2025				
	Consumptive (O&M)	2342,083.33	38.68	905,917.83
	Consumptive (ROA)	2342,083.33	34.37	804,974.04
	Consumptive (Depr)	2342,083.33	20.22	473,569.25
	TCTA (AMD)	2342,083.33	8.45	197,906.04
	TCTA (LHWP)	2342,083.33	443.20	10,380,113.32
	Plus 15.00% VAT			1,914,372.07
	<b>Subtotal</b>			<b>14,676,852.55</b>
	WRL	2342,083.33	8.08	189,240.33
	<b>Total Charges</b>			<b>14,866,092.88</b>

- ii) Indicated below, is the DWS Bulk current invoices for January 2026, which is due and payable, on or before 02 March 2026. The municipality submitted the readings late and was billed on the registered volumes for November and December 2025. The two smaller invoices were corrections on the billing for the two months.

Page 1 of 1

NWRI Customer Ref no: 60005150  
 Customer No: 25014305  
 Contract Acc. No: 100478320  
 Document No: 412801068  
 Document Date: 31.01.2026  
 Payment Terms: 30 Days  
 Due Date: 02.03.2026  
 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 Beard Street  
 Pretoria  
 PHONE 0800 200 200  
 FAX 012 336 1408  
 EMAIL:revenue@dws.gov.za

Water Use Description	Tariff Category	Quantity m3/HA Registered/Consumed	Unit Price(c/m3/HA)	Amount(Rand)
Property Details: Property Name: DROOGFONTEIN; Property Number: 6866; Registration Division: KIMBERLEY RD; Portion Number: 1; Title Deed: T16761/1921 ; Water Use Details: WMA: ; Legal Sector Code: ; Water Use Sector: Water Source Type: ;				
<b>Contract No: 10087405 ( 25014305/13 )</b>				
Water Use Period: 01.01.2026 to 31.01.2026				
	Consumptive (O&M)	3560,994.00	38.68	1,377,392.48
	Consumptive (ROA)	3560,994.00	34.37	1,223,913.64
	Consumptive (Depr)	3560,994.00	20.22	720,032.99
	TCTA (AMD)	3560,994.00	8.45	300,903.99
	TCTA (LHWP)	3560,994.00	443.20	15,782,325.41
	Plus 15.00% VAT			2,910,685.28
	<b>Subtotal</b>			<b>22,315,253.79</b>
	WRL	3560,994.00	8.08	287,728.32
	<b>Total Charges</b>			<b>22,602,982.11</b>

NWRI Customer Ref no: 60005150  
 Customer No: 25014305  
 Contract Acc. No: 100478320  
 Document No: 493870016  
 Document Date: 31.01.2026  
 Payment Terms: 30 Days  
 Due Date: 02.03.2026  
 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: DROOGFONTEIN; Property Number: 6866; Registration Division: KIMBERLEY RD; Portion Number: 1; Title Deed: T16761/1921 ; Water Use Details: WMA: ; Legal Sector Code: ; Water Use Sector: Water Source Type: ;				
<b>Contract No: 10087405 ( 25014305/13 )</b>				
Water Use Period: 01.11.2025 to 30.11.2025				
	Consumptive (O&M)	838,273.67	38.68	324,244.26
	Consumptive (ROA)	838,273.67	34.37	288,114.66
	Consumptive (Depr)	838,273.67	20.22	169,498.94
	TCTA (AMD)	838,273.67	8.45	70,834.13
	TCTA (LHWP)	838,273.67	443.20	3,715,228.91
	Plus 15.00% VAT			685,188.14
	<b>Subtotal</b>			<b>5,253,109.04</b>
	WRL	838,273.67	8.08	67,732.51
	<b>Total Charges</b>			<b>5,320,841.55</b>

NWRI Customer Ref no: 60005150  
 Customer No: 25014305  
 Contract Acc. No: 100478320  
 Document No: 493870017  
 Document Date: 31.01.2026  
 Payment Terms: 30 Days  
 Due Date: 02.03.2026  
 Customer VAT Reg. No: 4370102313

## TAX INVOICE

DWS VAT Reg. no 4040112361



**water & sanitation**

Department:  
Water and Sanitation  
REPUBLIC OF SOUTH AFRICA

**YOUR CONTACT OFFICE:**

Department: Water and Sanitation  
 Private Bag X313  
 Pretoria  
 0001

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

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

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: ; Legal Sector Code: ; Water Use Sector: Water Source Type: ;				
<b>Contract No: 10087405 ( 25014305/13 )</b>				
Water Use Period: 01.12.2025 to 31.12.2025				
	Consumptive (O&M)	343,269.67	38.68	132,776.71
	Consumptive (ROA)	343,269.67	34.37	117,981.79
	Consumptive (Depr)	343,269.67	20.22	69,409.13
	TCTA (AMD)	343,269.67	8.45	29,006.29
	TCTA (LHWP)	343,269.67	443.20	1,521,371.18
	Plus 15.00% VAT			280,581.77
	<b>Subtotal</b>			<b>2,151,126.87</b>
	WRL	343,269.67	8.08	27,736.19
	<b>Total Charges</b>			<b>2,178,863.06</b>

- iii) There is no proof of payment for DWS because the municipality had insufficient cash to settle the current account for November 2025.
- iv) 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 M07 – January 2026).

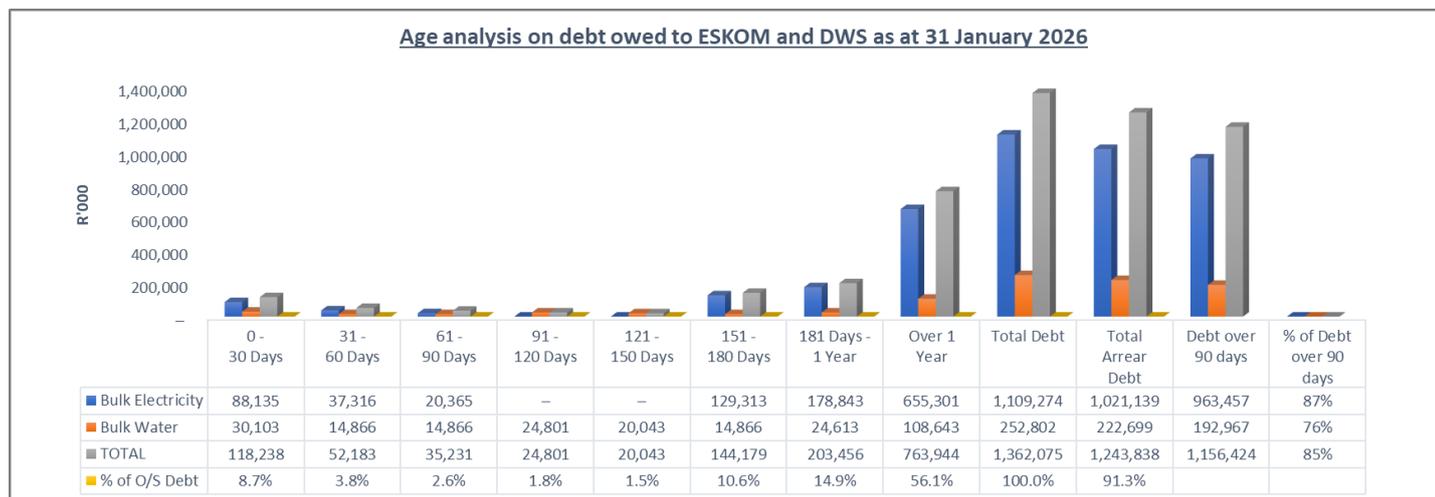
	2026	
	M07	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Deposits	-18,093,897	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	7,940,347	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	-7,799,126	141,221
Assets:Current Assets:Inventory:Water:System Input Volume:Bulk Purchases	76,478	

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

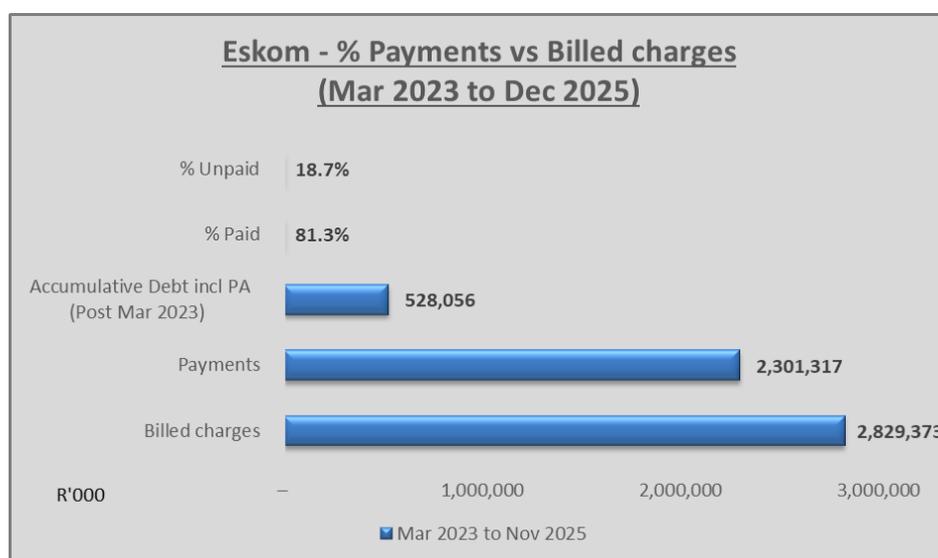
Datastrings & FMS Recon - Jan 2026 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
<b>WATER:INPUT VOL: BULK PURCHASES</b>	<b>15,565,254.53</b>	<b>15,488,776.92</b>	<b>76,477.61</b>	Water:Input Vol: Bulk Purchases vote reconciles to datastrings
<b>Sundry Accruals</b>	<b>15,488,776.92</b>	-	<b>15,488,776.92</b>	
SORA01:ORANJE RIET WATER USERS ASSOCIATION	76,477.61	-	76,477.61	
SWAT01:DEPARTMENT OF WATER AND SANITATION	15,412,299.31	-	15,412,299.31	
<b>Sundry Accruals Reversals</b>	-	<b>15,488,776.92</b>	<b>-15,488,776.92</b>	
SESK01:ESKOM HOLDINGS	-	15,412,299.31	-15,412,299.31	Erroneous payment against Eskom corrected on the system
SORA01 : ORANJE RIET WATER USERS ASSOCIATION	-	76,477.61	- 76,477.61	
<b>Sundry Payments</b>	<b>76,477.61</b>	-	<b>76,477.61</b>	
SORA01 : ORANJE RIET WATER USERS ASSOCIATION	76,477.61	-	76,477.61	Payment Oranje Riet Water Association
<b>Grand Total</b>	<b>15,565,254.53</b>	<b>15,488,776.92</b>	<b>76,477.61</b>	

Datastrings & FMS Recon - Jan 2026 M07	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
<b>WATER BULK PURCHASE:DEPOSITS</b>	<b>141,221.50</b>	<b>18,235,118.70</b>	<b>-18,093,897.20</b>	Deposits vote reconciles to datastrings
Create Cheque 77076590 Voucher No CATA014045	141,221.50	141,221.50	-	
Sundry CATA013983 Creditor Control	-	17,952,675.70	-17,952,675.70	Unpaid invoice for October 2025 authorised on the system
Sundry CATA014045 Creditor Control	-	141,221.50	- 141,221.50	
<b>WATER BULK PURCHASE:WITHDRAWALS</b>	<b>141,221.50</b>	-	<b>141,221.50</b>	Withdrawal vote reconciles to datastrings
Create Cheque 77076590 Voucher No CATA014045	141,221.50	-	141,221.50	Payment of minor DWS accounts
<b>Grand Total</b>	<b>282,443.00</b>	<b>18,235,118.70</b>	<b>-17,952,675.70</b>	

vii) Total outstanding debt owed to Eskom and DWS as at 31 January 2026



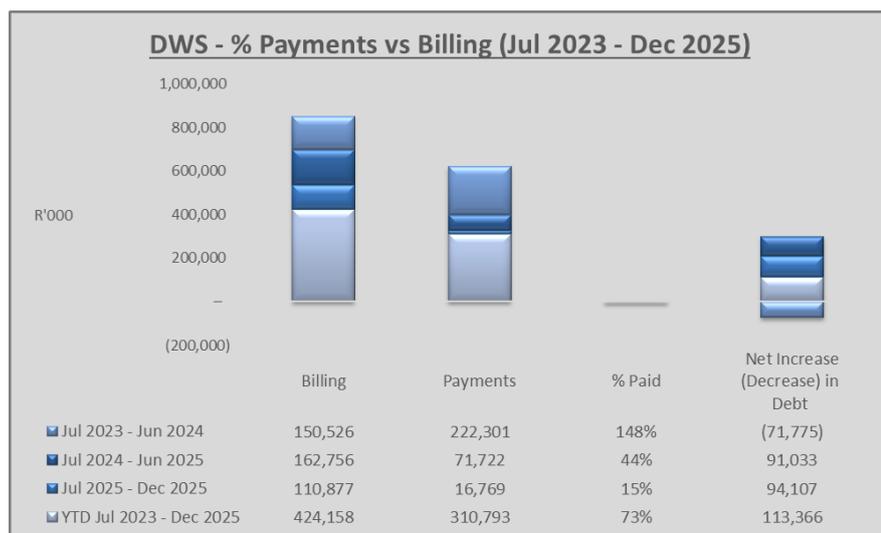
Please refer to section 4.2 for more in-depth information of the debt owed to Eskom and DWS.



Indicated in the adjacent chart is a summary of the percentage payments versus billed charges for Eskom for the period March 2023 to December 2025. The January 2026 account is excluded as it not yet due and payable.

The total billed charges for the period amounted to R2,829,373 billion, and payments made amounted to R2,301,317 billion. For the period the municipality managed to settle 81.3% of the billed charges.

The debt outstanding post March 2023 amounts to R528,056 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 December 2025.

The total billing for the period amounted to R409,292 million, and payments made amounted to R310,793 million. For the 2023/24 financial year the municipality reduced the arrear debt by R71,775 million. Unpaid invoices for 2024/25 resulted in an escalation of outstanding debt of R91,033 million. For the current year, outstanding debt escalated by R94,107 million. The net increase in outstanding debt amounts to R113,366 million.

## 16.7 Municipal Debt Relief Monitoring Plan – Progress report

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

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2026
<p><b>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)</b></p>	<p><b>6.3.1</b> The municipality must monthly pay and maintain its <b>Eskom bulk current account and bulk water current account</b> - Department of Water and Sanitation (DWS), within 30 days of receiving the relevant invoice</p>	<p>Monthly, within 30 days of receiving invoice on or before due date as per the monthly invoice</p>	<p>Proof of payment (which includes, remittance advice, invoice and extract of corresponding bank statement)</p>	<p><b>Non-Compliant - ESKOM</b> During the month of January 2026, the municipality settled an amount of R46 million on the October 2025, the municipality partially settled the December 2025 Eskom account to the value of R46 million. The total account including interest amounted to R83.3 million. <b>Non-Compliant - DWS</b> The municipality did not have sufficient cash available to settle the current account for Water for December 2025 amounting to R14.8 million.</p>
	<p><b>6.3.1 (a)</b> At a minimum, pay the monthly debt instalment on 5th of each month as per signed debt agreement with DWS. <b>(b)</b> Pay the monthly debt instalment of R6,700m to Eskom with the current account</p>	<p>Monthly, 5th of each month</p>		<p><b>Non-Compliant - ESKOM</b> The municipality had insufficient cash available from operations to settle R6.7m instalment on the ESKOM payment arrangement as at the end of January 2026. <b>Non-compliant - DWS</b> The municipality had insufficient cash available from operations to settle the debt repayment instalment to DWS of R6m on or before 5th of February 2026.</p>
	<p><b>6.3.2</b> 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</p>	<p>Within 1 day after making payment</p>	<p>Proof of payment and proof of email submission</p>	<p><b>Compliant</b> Email was sent within one day late after making payment to ESKOM.</p>
	<p><b>6.3.3</b> Submit the proof of payment to the National Treasury in PDF format via the GoMuni Upload Portal to substantiate that payment was made.</p>	<p>Monthly, within 10 working days after month end</p>	<p>GoMuni Status of Schedule of Revenue Documents Submissions Report</p>	<p><b>Compliant</b> Proof of Payments made in January 2026 was uploaded onto GoMuni on 05 February 2026.</p>
	<p><b>6.3.4</b> - 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>	<p>Monthly, within 10 working days after month end</p>	<p>Monthly financial data strings</p>	<p><b>Compliant</b> 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>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2026
6.6 Electricity and Water Collection (Demonstration through by-laws and budget related policies)	<p><b>6.6.1</b> 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><b>Compliant</b>            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><b>6.6.2</b> 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 = 1,139            Conventional disconnection = 39</p>
	<p><b>6.6.3</b> 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><b>6.6.4</b> 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><b>Partially compliant</b>            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>
6.7 Maintain a minimum average quarterly collection of property rates and services charges	<p><b>6.7.1</b> 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</p>	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)	<p><b>Non-Compliant</b>            Monthly S71 Revenue Collection rate per Ward for Property rates and Services only = 58%.            Quarterly S71 Revenue Collection rate per Ward outcome Q2 = Not yet end of the quarter            Municipality's average collection rate = 77% (Prepaid electricity sales and allocated credits are included)  <b>Not achieved</b>            Average daily cash collection for December 2025, was R6,442m.</p>
	<p><b>6.7.2</b> 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</p>	Quarterly	Monthly S71 Revenue Collection Ward Template	Ritchie is a small poor community and will not have a significant impact on the collection rate.
	<p><b>6.7.3</b> Install progressively smart prepaid meters in municipal supplied areas (Electricity)</p>	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	<p><b>6.7.3</b> Install progressively smart prepaid meters in municipal supplied areas (Water)</p>	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0	Zero smart prepaid water meters were installed.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - January 2026
			Q4: 2,000 (As per SDBIP)	
	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
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	<b>Compliant</b> GVR reconciliation for the second quarter was completed on 12 January 2026.
	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			<b>Compliant</b> GVR reconciliation was submitted on 12 January 2026.
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	<b>Compliant</b> Report included in the monthly S71 report for January 2026 as per guideline from NT.
	6.9.2 If progress is slow in terms of paragraph 6.9.1, is the <b>active intervention evident</b> from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?			
	6.9.3 Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, it must monthly report its progress in implementing its FRP to the Provincial Executive			
6.10 Provincial Treasury's Certification of municipal compliance	6.10 Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA to be performed by the relevant PT			
	Executive Management Team (EMT) to review the National Treasury: Local Government Budget Analysis (NT: LGBA) compliance certification for the prior month and take immediate remedial action	Monthly, within 1 days after issue	NT: LGBA Compliance Certification	The municipality received the compliance certificate for December 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	<b>Compliant</b> 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 - January 2026
	<p><b>6.12.1</b> 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><b>Finalised</b>            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.  <b>Partially Compliant</b>            The ESKOM current account was partially paid, directly from the Primary bank account. No payment was made to DWS. Investment account statement no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124</p>
	<p><b>6.12.2</b> 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><b>Partially Compliant</b>            The ESKOM current account was partially paid, directly from the Primary bank account. No payment was made to DWS. 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><b>Compliant</b>            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 January 2026.
2. The non-compliance emanating from the municipality's debt relief self-assessment and overall performance from July 2025, 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 December 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 R113,900 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. The municipality will embark on an indigent drive to improve on the number of registered indigents.
  - 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 adequately ring-fenced.
  - 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 January 2026 amounts to R37,735 million.
11. The municipality is in breach of the conditions and has accumulative arrears for the prior year and the current 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 **R524,711,488.26**, as indicated in the table below. Arrears on the outstanding invoices including interest amounts to R410,811,488.26 and the arrears on the payment arrangement amounts to R113,900,000.00.

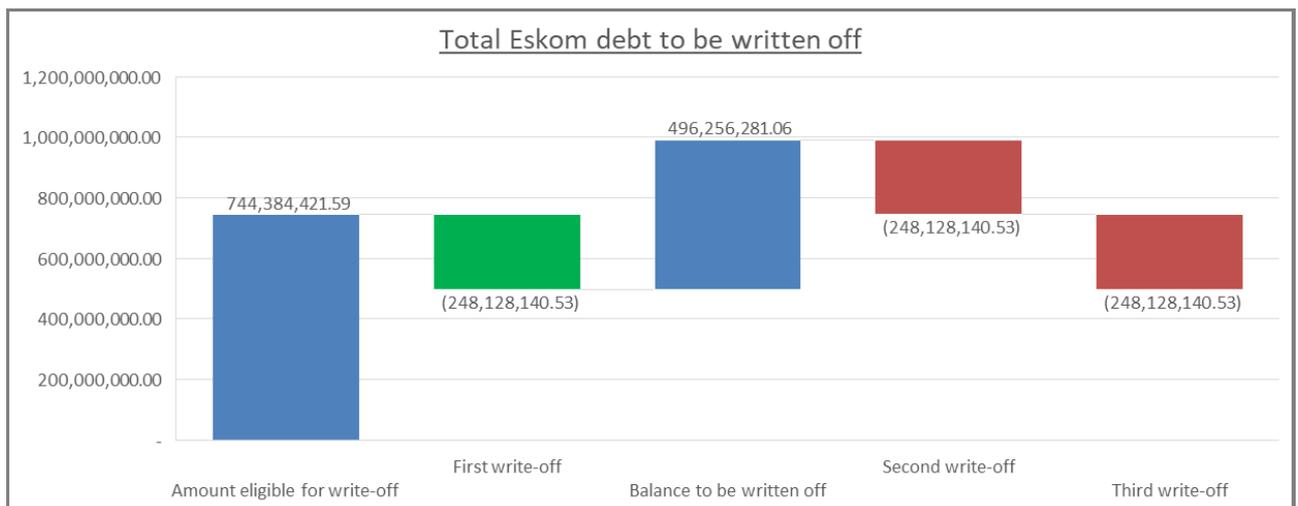
Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments Payment Arrangement	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,333,011.78	R -	R -	R -	R 273,911.75
Aug-24	R 127,600,942.44	R 127,600,942.44	R -	R 6,700,000.00	R 6,700,000.00	R 154,610.92
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 100,000,000.00	R 46,873,234.81	R 6,700,000.00	R 53,573,234.81	R 5,423,957.99
Aug-25	R 129,313,188.86	R -	R 129,313,188.86	R 6,700,000.00	R 136,013,188.86	R 4,112,190.15
Sept-25	R 81,800,313.25	R 81,800,313.25	R -	R 6,700,000.00	R 6,700,000.00	R 4,263,618.92
Oct-25	R 86,065,807.73	R 86,065,807.73	R -	R 6,700,000.00	R 6,700,000.00	R 7,374,557.04
Nov-25	R 80,364,895.03	R 60,000,000.00	R 20,364,895.03	R 6,700,000.00	R 27,064,895.03	R 4,431,994.83
Dec-25	R 83,316,482.56	R 46,000,000.00	R 37,316,482.56	R 6,700,000.00	R 44,016,482.56	R 6,844,494.51
<b>TOTAL ESKOM</b>	<b>R 1,663,325,037.28</b>	<b>R 1,252,513,549.02</b>	<b>R 410,811,488.26</b>	<b>R 113,900,000.00</b>	<b>R 524,711,488.26</b>	<b>R 51,840,236.22</b>

12. The municipality is in breach of the conditions and has accumulative arrears for the prior year and current year. To be in good standing with DWS, the municipality must settle the accounts for October to December 2024, January, June, July, August, September, October, November and December 2025 amounting to a combined total of **R222,699,075.09** 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 **R207,995,394.63**, 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 -
Aug-25	R 14,866,090.79	R -	R 14,866,090.79	R -	R 14,866,090.79	R -
Sept-25	R 20,043,140.87	R -	R 20,043,140.87	R -	R 20,043,140.87	R -
Oct-25	R 24,801,206.74	R -	R 24,801,206.74	R -	R 24,801,206.74	R -
Nov-25	R 14,866,092.88	R -	R 14,866,092.88	R -	R 14,866,092.88	R -
Dec-25	R 14,866,092.88	R -	R 14,866,092.88	R -	R 14,866,092.88	R -
<b>TOTAL WATER</b>	<b>R 274,894,378.43</b>	<b>R 52,195,303.34</b>	<b>R 222,699,075.09</b>	<b>-R 14,703,680.46</b>	<b>R 207,995,394.63</b>	<b>R -</b>

### 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**

**BS MATLALA**  
I, ~~B Mgasuli~~, the Acting Municipal Manager of Sol Plaatje Local Municipality, hereby certify that  
(mark as appropriate)

the Monthly Budget Statement

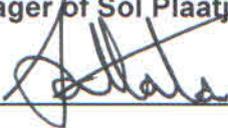
Quarterly Report on the implementation of the budget and financial state affairs  
of the municipality

Mid-year Budget and Performance Assessment

For the month of **January 2026** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Mr. BS Matlala

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: 

Date: 12/02/2026



**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](mailto:mandla.gilimani@treasury.gov.za)**

Ms Busisiwe Mgaguli  
Acting Municipal Manager  
Sol Plaatje Local Municipality  
Private Bag X 5030  
**KIMBERLEY    PRETORIA**  
8300

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

Email: [bmgaguli@solplaatje.org.za](mailto:bmgaguli@solplaatje.org.za)

Dear Ms Mgaguli and Mr Ramjathan

## **MFMA CIRCULAR NO.124 – MUNICIPAL DEBT RELIEF NATIONAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF NC091 SOL PLAATJE LOCAL MUNICIPALITY DURING DECEMBER 2025**

Sol Plaatje Local Municipality has concluded its second compliance cycle under the Municipal Debt Relief Programme with a strong overall score of 85%—a clear signal that governance reforms and financial discipline are taking hold. The municipality has made tangible strides in budget preparation, in-year financial reporting, and the operational effectiveness of its oversight structures. Council committees are engaging more regularly, and documentation of key financial decisions has improved markedly.

Yet this governance progress stands in stark contrast to a stubborn revenue crisis. Collection performance remains critically weak: 60% in Q1 and only a marginal improvement to 61% in Q2—still dramatically short of the MDRP's 95% benchmark. This shortfall is not merely a technical gap; it directly undermines liquidity, jeopardises service delivery, and stalls the municipality's path to financial self-sufficiency. Compounding the challenge are persistent weaknesses in expenditure control, arrears management, and inconsistent enforcement of credit control policies—particularly concerning major creditors.

Most critically, Eskom arrears represent a make-or-break issue. MDRP conditions are explicit: any outstanding balance on the Eskom current account disqualifies the municipality from the second-cycle debt write-off and halts all further debt relief considerations. Without full and timely settlement of this account, Sol Plaatje's recovery trajectory lacks credibility—regardless of its 85% compliance score.

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

The path forward demands execution, not intention. To lock in gains and access debt relief, the municipality must:

Enforce credit control measures uniformly and without political interference. Prioritise Eskom current account payments as a non-negotiable operational imperative. Accelerate practical debt recovery and account restructuring for large debtors. Embed monthly monitoring of collection rates and arrears trends into governance routines.

The 85% compliance score proves Sol Plaatje can meet MDRP standards on governance. But financial sustainability hinges on one metric above all others: collections. Without rapid, sustained improvement—starting with Eskom—the municipality risks losing hard-won progress and forfeiting the debt relief essential to its survival. The next quarter's collection figures will be the true test of recovery.

### **Condition 6.1 – Municipality non-compliance**

The December 2025 compliance assessment reveals that Sol Plaatje Local Municipality is navigating a widening gap between policy intent and operational reality. While the municipality retains formal standing within the Municipal Debt Relief Programme, three interlocking structural failures are eroding the foundation of its recovery effort—and, if unaddressed, will jeopardise continued eligibility.

#### **1. The Enforcement Deficit: When Rules Lack Teeth**

Credit control depends on predictability. Yet in Sol Plaatje, disconnection protocols for electricity and water non-payment are applied selectively varying by area, consumer type, and administrative discretion. This inconsistency does more than weaken collections; it signals that payment is optional. The result is a self-reinforcing cycle: irregular enforcement breeds non-compliance, which deepens revenue shortfalls, which further undermines enforcement capacity.

Required correction: Disconnections must transition from discretionary acts to systematic procedures—governed by published schedules, standardised triggers, and adequately staffed field teams. The Credit Control and Debt Collection Policy cannot remain a document on a shelf; it must become the operational heartbeat of revenue management.

#### **2. The Governance-Execution Chasm: Resolutions Without Results**

Council has demonstrated political commitment through MDRP-aligned resolutions and formal undertakings. But commitment without execution is performative governance. Administrative follow-through remains fragmented: decisions are recorded yet not actioned; commitments are

made yet not monitored. This disconnect erodes institutional credibility and leaves Council unable to hold management accountable for delivery.

Required correction: Embed MDRP compliance into the machinery of governance. Institute a standing Council agenda item with structured performance dashboards. Formalise a resolution-tracking register that logs each directive, assigns accountability, sets deadlines, and reports monthly on status. Governance must shift from endorsing plans to verifying outcomes.

### 3. The Bulk Services Breach: Payment as a Proxy for Credibility

Payments to Eskom and Water Boards are not merely financial transactions—they are credibility markers. Sol Plaatje's pattern of partial, delayed, or irregular settlements signals operational instability to its most critical creditors. This behaviour directly contravenes MDRP conditions and places second-cycle debt relief at immediate risk. No amount of governance improvement compensates for failure to honour current obligations to bulk service providers.

Required correction: Treat Eskom and Water Board accounts as non-negotiable payment priorities. Implement ring-fenced cash-flow protocols that allocate funds to these creditors before discretionary expenditure. Introduce dual-level monitoring—administrative (weekly) and Council (monthly)—to ensure payments align precisely with agreed terms.

### NC091 Sol Plaatje Local Municipality overall relief performance for December 2025:

National Treasury		Province																																														
 <p><b>Municipal Debt Relief</b> MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003</p>		<p>NW</p> <table border="1"> <tr> <th>Code</th> <th>District</th> <th>Code Description</th> </tr> <tr> <td>NC091</td> <td>Frances Baard</td> <td>Sol Plaatje</td> </tr> </table>		Code	District	Code Description	NC091	Frances Baard	Sol Plaatje																																							
Code	District	Code Description																																														
NC091	Frances Baard	Sol Plaatje																																														
Monthly Performance Report																																																
Municipal Details			Part A										Part B					Part C				Part D				Part E				Scoring and Rating																		
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating			
25 July 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	80%	Above Moderate			
26 August 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	83%	Above Moderate			
27 September 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	71%	Moderate compliance			
28 October 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	83%	Above Moderate			
29 November 25	Sol Plaatje	NC091	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	No	Yes	Yes	No	Yes	Yes	78%	Moderate compliance		
30 December 25	Sol Plaatje	NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	85%	Above Moderate	
31 January 26	Sol Plaatje	NC091																																												0%	Not completed	
32 February 26	Sol Plaatje	NC091																																													0%	Not completed
33 March 26	Sol Plaatje	NC091																																													0%	Not completed
34 April 26	Sol Plaatje	NC091																																													0%	Not completed
35 May 26	Sol Plaatje	NC091																																													0%	Not completed
36 June 26	Sol Plaatje	NC091																																													0%	Not completed

Sol Plaatje Local Municipality is formally cautioned that its continued failure to settle Eskom obligations in full during the second MDRP compliance cycle constitutes a material breach of programme conditions under MFMA Circular No. 124. Despite achieving an 85% overall compliance score for December 2025—reflecting progress in governance structures and financial reporting—



this advancement is critically undermined by the municipality's inability to meet its most fundamental financial obligation: paying for bulk electricity services currently consumed.

The Eskom current account remains outstanding despite repeated undertakings to clear it. This is not a minor administrative delay but a direct contravention of a non-negotiable MDRP prerequisite. Under the programme's framework, settlement of current bulk service accounts is a gateway condition—not an optional target. Without full compliance, the approved second-cycle debt write-off is withheld, and further relief considerations are suspended indefinitely.

Revenue performance compounds this breach. Collection rates registered 60% in the first quarter and only marginally improved to 61% in the second quarter—34 percentage points below the 95% MDRP benchmark. This persistent shortfall reflects deeper systemic failures: inconsistent application of disconnections, weak arrears management, and a credit control environment that lacks enforcement credibility. The result is a self-reinforcing cycle of declining revenue, eroded liquidity, and increasing reliance on debt to fund day-to-day operations.

The consequences extend beyond Treasury's assessment. Unpaid Eskom accounts heighten the risk of supply interruption, threatening water pumping, sanitation systems, and essential municipal services. Community trust deteriorates as residents observe the municipality defaulting on its own bills while demanding payment from households and businesses. Oversight institutions—including the Provincial Treasury and Municipal Public Accounts Committee—have flagged this pattern as evidence of unsustainable financial management.

Partial or delayed payments to Eskom are expressly incompatible with MDRP conditions. The framework requires full and timely settlement of current obligations as proof of restored financial discipline. Anything less invalidates the premise upon which debt relief was granted and signals that the municipality has not internalised the behavioural changes necessary for recovery.

To restore compliance and preserve programme eligibility, three actions are non-negotiable. First, the Eskom current account must be settled in full immediately, with subsequent payments made strictly in accordance with agreed terms. Second, credit control enforcement must be applied consistently and without exception—disconnections implemented uniformly across all consumer categories based on policy triggers, not political discretion. Third, collection performance must demonstrate verifiable month-on-month improvement toward the 95% benchmark, supported by weekly monitoring and public reporting.



## **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—a milestone earned not by entitlement, but through deliberate institutional renewal. What began as a conditional opportunity has matured into formal endorsement by National Treasury, following Council's decisive resolution and the municipality's demonstrable commitment to rebuilding its financial foundations. This transition from provisional to confirmed status reflects more than procedural compliance; it signals a shift in organisational mindset—from crisis management toward structured recovery.

The road to approval was paved with introspection. Municipal leadership commissioned a thorough institutional assessment, confronting structural frailties and operational gaps without defensiveness. The findings did not gather dust on a shelf. Instead, they became the blueprint for a focused reform agenda—one that treats financial discipline not as a constraint, but as the prerequisite for sustainable service delivery. Weak internal controls were reinforced. Revenue systems were recalibrated. Expenditure patterns were scrutinised. And governance mechanisms were re-anchored in accountability rather than rhetoric.

These reforms have taken concrete form across four interlocking fronts. Financial oversight has been re-engineered through structured reporting cycles that bridge the administrative–political divide, ensuring that Council receives timely, accurate intelligence on fiscal performance—not after crises emerge, but before they escalate. Budgeting has evolved from an annual formality into a strategic tool for resource prioritisation, with cost-containment embedded in planning rather than imposed as emergency austerity. Ethical leadership has been elevated from aspiration to expectation, with consequence management applied consistently to reinforce integrity at all levels. And perhaps most critically, performance monitoring has been institutionalised—not as a box-ticking exercise for Treasury, but as an internal early-warning system that flags slippage, triggers intervention, and tracks progress against MDRP milestones in real time.

Final approval is not an endpoint. It is authorisation to proceed—contingent on sustained execution. The municipality now carries the responsibility to prove that its reforms are durable, not decorative; that its improved systems withstand political pressure and operational stress; and that its commitment to financial recovery outlasts the current administration. The debt relief framework provides breathing space—but only the municipality itself can convert that space into lasting stability. With final approval secured, the true test begins transforming conditional hope into unconditional credibility.



### Condition 6.3 – Maintaining the Eskom bulk current account

As of December 31, 2025—with subsequent payments through January 7, 2026, considered—Sol Plaatje Local Municipality occupies a deeply concerning position within the Municipal Debt Relief Programme, characterised by partial compliance with bulk service obligations and a troubling trajectory of post-approval debt accumulation that fundamentally undermines the premise of the debt relief intervention. The municipality secured formal approval to participate in the MDRP on October 30, 2023, premised on Council's solemn undertaking to restore financial discipline, settle current accounts with bulk service providers in full and on time, and implement a credible pathway toward sustainable solvency. At the point of approval, the municipality's ring-fenced Eskom debt—representing legacy obligations as at March 31, 2023—stood at R744 million. To date, R248 millions of this ring-fenced amount has been written off in accordance with the programme's phased relief mechanism, leaving a net ring-fenced balance of R496 million that remains subject to the arrears repayment plan. However, this legacy debt constitutes only one dimension of the municipality's Eskom exposure. Compounding the challenge, Sol Plaatje has accumulated R163 million in residual new arrear debt—obligations that emerged between the March 2023 ring-fencing date and the October 2023 approval date but were not included in the formally ring-fenced amount. Most alarmingly, the municipality has generated R465 million in post-approval debt relief growth, reflecting obligations incurred after formal entry into the programme. This figure represents a critical failure of financial discipline: the MDRP was designed precisely to prevent the accumulation of new debt while legacy obligations are being resolved, yet Sol Plaatje has added nearly half a billion rand to its Eskom liability in just over two years of programme participation. With a current outstanding balance of R95 million and payments now exceeding three months in arrears, the municipality has been formally classified as overdue and assessed as being in standard breach of MDRP conditions—a designation that triggers heightened monitoring by National Treasury and places future debt write-offs in jeopardy.

This breach is not an abstract accounting classification but the direct consequence of a persistent, documented pattern of irregular and partial payments that has characterised the municipality's relationship with Eskom throughout 2025. The payment history reveals a cycle of selective settlements that prioritises historical arrears while allowing current accounts to accumulate, thereby perpetuating liquidity strain and deepening the debt burden. In July 2025, Eskom issued an invoice totalling R146.873 million inclusive of R5.424 million in interest; the municipality responded with a payment of only R30 million, leaving R116.873 million outstanding and immediately placing the account in arrears. August 2025 saw payments totalling R152.830 million, yet these were strategically allocated to settle only specific historical accounts—August 2024, January 2025, April 2025, and May 2025 and the August 2025 current account began



accumulating. Critically, cash constraints during this period also prevented settlement of the August 2025 Water Board account of R14.866 million, demonstrating that payment failures extend beyond Eskom to other essential bulk service providers and reflect systemic liquidity management weaknesses rather than isolated Eskom-specific challenges. September 2025 brought a R70 million payment applied to the July 2025 Eskom account, but the August 2025 invoice of R129.313 million (including R4.112 million in interest) received no payment whatsoever, allowing arrears to compound further. A modest improvement emerged in October 2025 when the municipality fully settled the September 2025 Eskom current account with a payment of R81.800 million inclusive of R4.264 million in interest—a positive demonstration that current account discipline is achievable when prioritised. Yet this single month of compliance failed to arrest the broader deterioration: accumulated arrears remained substantial, the post-approval debt growth trajectory continued upward, and the structural drivers of irregular payment behaviour—weak revenue collection, poor cash-flow forecasting, and inconsistent enforcement of internal payment protocols—remained unaddressed.

These payment patterns represent a direct repudiation of the three non-negotiable commitments Council made when applying for MDRP inclusion. First, the undertaking to settle all current accounts with Eskom and other bulk service providers in full and on time has been consistently violated, as evidenced by the recurring pattern of partial payments and accounts left outstanding for multiple billing cycles. Second, the commitment to implement and adhere to a credible arrears repayment plan has been undermined by the R465 million in post-approval debt growth—effectively adding new debt faster than legacy obligations are being resolved, thereby rendering the repayment plan structurally unworkable. Third, the pledge to maintain strict financial discipline sufficient to justify phased debt write-offs has not been honoured; the standard breach classification confirms that the municipality has failed to demonstrate the behavioural change and operational discipline that formed the basis for National Treasury's approval. The implications of this breach extend beyond procedural non-compliance. Under the MDRP framework, continued eligibility for debt relief—and particularly access to subsequent write-off tranches—is conditional upon demonstrable progress in three areas: governance performance, revenue collection improvement, and consistent settlement of current accounts. Sol Plaatje's failure on the third criterion is particularly damaging because it is binary and verifiable: accounts are either current or they are not. There is no acceptable middle ground where partial payments or delayed settlements satisfy programme requirements. The current standard breach status serves as a formal warning that, without immediate and sustained corrective action, the municipality risks escalation to a material breach designation. Such an escalation would trigger National Treasury's authority to suspend further debt write-offs, withhold conditional grants, and potentially issue termination letters that would remove Sol Plaatje from the programme entirely reinstating full creditor pressure on the R496 million net

ring-fenced debt and exposing the municipality to Eskom disconnection protocols that would cripple water pumping, sanitation systems, and essential service delivery.

The path to remediation demands more than renewed commitments or revised payment schedules. It requires the municipality to fundamentally re-engineer its cash-flow management practices, treating Eskom and Water Board payments as non-negotiable operational imperatives that must be funded before discretionary expenditure. This means implementing ring-fenced payment protocols that allocate revenue directly to bulk service providers upon receipt, establishing weekly cash-flow forecasting to anticipate shortfalls before invoices become due, and empowering finance officials to enforce payment discipline without political interference. Concurrently, the municipality must accelerate revenue collection efforts to close the gap between the current 61% collection rate and the 95% MDRP benchmark, recognising that sustainable payment capacity cannot be achieved through expenditure cuts alone. Until these measures produce verifiable results—evidenced by three consecutive months of full and timely Eskom settlements, elimination of accounts exceeding 30 days outstanding, and demonstrable reduction in the R95 million current balance—the municipality's standing within the MDRP will remain precarious. The debt relief approval granted in October 2023 was not a reward for past performance but an investment in future discipline. Sol Plaatje now faces the urgent task of proving that this investment was justified—or accepting the consequences of its failure to do so.

#### **Condition 6.4 – A funded MTREF**

Sol Plaatje Local Municipality's approved 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF) is technically funded; however, its sustainability remains fragile. National Treasury's assessment indicates that the municipality's fiscal stability over the medium term will depend primarily on its ability to strengthen revenue collection efficiency and apply materially tighter expenditure discipline.

Projected revenue growth is expected to be driven by electricity, water, property rates, and national transfers. These gains, however, are being weakened by persistently high technical and non-technical losses in both the electricity and water value chains, which remain well above national norms. Elevated losses dilute the revenue impact of tariff adjustments, reduce the effective billing base, and erode the municipality's overall financial position. In addition, the budget appears to rely on optimistic collection assumptions and does not adequately provide for debt impairment. Under-provisioning for doubtful debts risks overstating own revenue, placing pressure on cash flow and increasing the likelihood of in-year funding gaps.

On the expenditure side, employee-related costs and bulk purchases continue to consume a significant share of operating resources, limiting fiscal space for maintenance, asset care, and



service delivery improvements. The capital programme is largely grant-funded, with only a limited contribution from own revenue. This reliance on external funding increases exposure to implementation risk and raises concerns regarding liquidity, counterpart funding requirements, and the municipality's ability to meet project readiness and cash-flow obligations. Cash flow projections further point to constrained flexibility, with liquidity and coverage indicators suggesting that the municipality may struggle to meet short-term obligations should revenue performance not improve materially.

While the MTREF is aligned to the Integrated Development Plan (IDP) and has complied with the prescribed consultation and approval processes, its credibility is weakened by ambitious revenue projections, insufficient provisioning for bad debts, and the underutilisation of available resources for indigent support. The level of free basic services and support to indigent households remains below what could reasonably be funded from national transfers, increasing the risk of service delivery shortfalls and heightened social pressure. Overall, the MTREF provides a platform for stabilisation, but its success will depend on demonstrable improvements in collection discipline, meaningful reduction in distribution losses, realistic debt impairment provisioning, and more prudent management of both operating and capital commitments.

### **Conditions 6.5 – Cost reflective tariffs**

An in-depth review of Sol Plaatje Local Municipality's 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF) confirms that none of the four major trading services—water, sanitation, electricity and solid waste—are cost reflective. Budgeted revenue across these services remains below the full cost of service delivery, including operations, maintenance, asset renewal and minimum reliability requirements. This structural imbalance, verified using the National Treasury tariff tool, is widening over the MTREF period and poses a material risk to financial sustainability and the municipality's ability to maintain acceptable service delivery outcomes.

Across the trading services portfolio, tariffs are set below full cost recovery, resulting in persistently underfunded operations. In the water function, pressures are particularly acute. Ageing infrastructure, high distribution losses and deferred maintenance continue to drive operating costs upward, while non-cost-reflective tariffs constrain the municipality's ability to arrest losses, fund essential repairs and restore asset integrity. The consequence is an expanding annual funding gap, growing maintenance backlogs, and heightened risk of service interruptions and system failures.

The sanitation service reflects similar vulnerabilities. Tariffs that do not reflect the true cost of service delivery limit the municipality's capacity to operate and maintain wastewater systems effectively, rehabilitate reticulation networks, and upgrade treatment works to meet regulatory and capacity requirements. Structural underfunding in this function undermines sustainability and



elevates public health and environmental risk, particularly where infrastructure is under-maintained or operating beyond design capacity.

Electricity remains the municipality's most financially exposed trading service. Eskom bulk purchase costs continue to escalate, yet tariffs are not aligned to the full cost of supply. This risk is compounded by technical and non-technical losses that remain materially above national norms, further eroding margins and reducing cash available for network maintenance and refurbishment. The inability to move toward cost-reflective tariffs weakens the municipality's ability to honour Eskom payment obligations, address losses systematically, and stabilise the electricity trading account. This entrenches financial distress and directly undermines service reliability and compliance expectations under the Municipal Debt Relief Programme (MDRP).

Solid waste services also exhibit a recurring operating deficit. Current tariffs are insufficient to cover routine operational requirements and do not provide for the renewal of critical assets such as fleet and equipment. The operational consequences include service instability, frequent equipment breakdowns, and declining service coverage, especially in peripheral and low-income areas. Continued underfunding in this function exacerbates inefficiency and erodes public confidence in basic municipal services.

Taken together, these deficits point to a systemic financial imbalance across the municipality's trading services. Without decisive tariff restructuring towards cost reflectivity, improved metering and billing accuracy, and stronger enforcement of credit control and revenue collection policies, the current operating model will remain unsustainable. National Treasury has emphasised that progress toward cost-reflective tariffs across all services is essential to restore operational stability, protect service delivery, and maintain ongoing eligibility under the MDRP framework.

## **Condition 6.6 – Electricity and water as collection tools**

Sol Plaatje Local Municipality continues to exhibit fundamental weaknesses in its credit control and revenue enforcement environment, undermining both financial recovery and compliance under the Municipal Debt Relief Programme (MDRP). While some isolated corrective steps are evident, the overall framework remains fragmented, inconsistently applied, and financially damaging.

The municipality's Quarter 2 performance for December 2025 confirms that revenue enforcement is not translating into sustained cash realisation. The total average collection rate for the whole demarcation stands at 61% for Quarter 2, with total billings of R547,951,689 against collections of R334,244,910, leaving R213,706,779 uncollected for the quarter. Even when excluding Eskom-supplied areas, the collection rate remains at 62%, with R180,796,467 uncollected. This indicates



that the underlying constraint is not limited to Eskom-supplied areas, but reflects systemic billing, enforcement and payment-discipline weaknesses across the municipal revenue base.

By service, the performance profile reveals an imbalanced and ineffective enforcement approach. Property rates achieved an average Quarter 2 collection rate of 67% (R52,510,728 uncollected). Electricity shows an average Quarter 2 collection rate of 99%, with collections of R148,563,435 against billings of R149,824,188—this near-perfect collection rate is consistent with electricity being the primary enforcement lever and the cash dynamics of prepaid purchases. In stark contrast, the core municipal service charges remain materially under-collected: water at 46% (R54,937,495 uncollected), wastewater at 37% (R23,088,807 uncollected), and refuse at 40% (R17,328,418 uncollected). Interest collection is exceptionally weak at 8% (R64,580,579 uncollected), reinforcing the scale of arrears accumulation and the limited effectiveness of deterrence and recovery measures.

A key structural weakness remains the full implementation of consolidated billing. Consolidated billing for Property rates, water, sanitation, refuse and electricity are billed for the majority of accounts, whilst some is billed separately rather than through a single consolidated consumer account. This impairs the structured allocation of partial payments in the required order of priority, weakens the municipality's ability to manage arrears at customer level, and limits traceability of debt across services. The result is a blurred account position per consumer, reduced accountability for non-payment, and uncontrolled growth in outstanding balances.

On enforcement, the municipality continues to apply electricity disconnections and prepaid purchase blocks to defaulting consumers (excluding registered indigent households), but enforcement is narrow and uneven. Electricity has effectively become the dominant enforcement instrument, while water restrictions are not applied, despite being one of the most effective tools for restoring payment discipline (while still protecting the minimum free basic service). The Quarter 2 outcomes reinforce this imbalance: electricity collections are comparatively strong at 99%, while water, wastewater and refuse collections remain materially below what is required for financial sustainability.

These weaknesses are compounded by indigent management shortcomings. Although indigent households are protected from disconnections, consumption is not effectively constrained to the national norms of 50 kWh electricity and 6 kilolitres water per month, resulting in overconsumption beyond subsidised thresholds and avoidable pressure on the operating budget. Administrative compliance gaps are further evident where prescribed reporting requirements are not fully met, weakening oversight and the credibility of corrective actions.



Compounding these operational gaps, more than 15,000 smart meters installed during the previous year (2024) have not yet translated into improved collection outcomes across services. The expected benefits of smart metering—automated enforcement capability, consumption control, improved billing accuracy and faster recovery—are not being realised because the technology has not been embedded into a coherent end-to-end revenue strategy encompassing billing, credit control, indigent controls, reconciliation and consequence management. This implementation shortfall is further exacerbated where basic charges approved through the tariff-setting process are not consistently applied in billing systems, directly suppressing potential revenue and undermining both tariff credibility and cost recovery. The Q2 data clearly demonstrates that without fundamental restructuring of the revenue enforcement framework—and effective utilisation of already-installed infrastructure—the municipality cannot achieve the sustainable collection rates required to meet MDRP conditions or ensure financial viability.

### **Condition 6.7: Maintain a Minimum Average Quarterly Collection Rate**

Sol Plaatje Local Municipality's revenue collection performance during the first half of the 2025/26 financial year reveals a municipality operating under severe fiscal strain, with collection outcomes remaining critically below the thresholds required for financial sustainability and MDRP compliance. In Quarter 1, the municipality recorded a collection rate of 60% across the whole demarcation, translating to R427.760 million collected against billings of R712.603 million—a shortfall of R284.842 million that directly undermined cash-flow capacity for essential service delivery. When Eskom-supplied areas were excluded to isolate municipal operational performance, the collection rate improved only marginally to 63%, with R386.831 million collected against R615.489 million billed and R228.658 million remaining outstanding. This limited variance between the two metrics confirms that revenue management weaknesses are not confined to external supply arrangements but reflect deep-seated structural deficiencies within the municipality's own billing, enforcement, and collections systems. The persistent 37–40 percentage point gap below the MDRP's 95% benchmark represents not merely a technical compliance shortfall but a fundamental threat to liquidity, operational continuity, and the credibility of the municipality's financial recovery trajectory.

Quarter 2 performance demonstrated only marginal improvement, with the overall collection rate inching upward to 61% for the whole demarcation—R334.245 million collected against billings of R547.952 million, leaving R213.707 million uncollected. Similarly, collections excluding Eskom-supplied areas reached 62%, with R297.098 million collected against R477.895 million billed and R180.796 million outstanding. While the one percentage point improvement between quarters may suggest incremental progress, the reality is more concerning: the absolute rand value of uncollected revenue remained stubbornly high at over R200 million, and the trajectory of improvement is insufficient to close the 34 percentage point gap to the MDRP benchmark within any reasonable timeframe. Critically, the data reveals that even in areas where the municipality exercises full



operational control over billing and enforcement, collection discipline remains weak indicating that the problem lies not in external constraints but in internal execution failures across credit control, consequence management, and revenue administration. Without a step-change in enforcement rigour and system coherence, these marginal quarterly fluctuations will not alter the municipality's underlying financial trajectory.

The implications of this sustained underperformance extend beyond compliance reporting to the very viability of municipal operations. Each quarter of sub-65% collection rates compounds arrears accumulation, erodes working capital, and forces the municipality into a cycle of borrowing—or worse, non-payment—to fund current operations, particularly bulk service obligations to Eskom and Water Boards. This pattern directly contravenes the foundational premise of the MDRP: that debt relief is conditional upon demonstrable restoration of revenue discipline and payment credibility. The marginal improvement from 60% to 61% does not constitute evidence of structural reform; rather, it reflects temporary fluctuations within a fundamentally broken revenue framework. To reverse this trajectory, Sol Plaatje must move beyond isolated tactical interventions and implement a comprehensive revenue recovery programme that integrates consolidated billing, balanced enforcement across all services (not just electricity), rigorous arrears management with clear escalation protocols, and monthly Council-level accountability for collection performance. Without such systemic intervention, the municipality will remain trapped in a cycle of debt accumulation that ultimately jeopardises both its MDRP standing and its capacity to deliver basic services to residents.



**Conditions 6.8 – Completeness of the Revenue Base**

GV Reconciliation Summary						
<b>Province</b>	NC					
<b>District</b>	Frances Baard District					
<b>Type</b>	LM					
<b>Municipal Name</b>	Sol Plaatje					
<b>GV Period</b>	01/07/2023 - 30/06/2027					
<b>Financial Year</b>	2025/2026					
<b>Reconciliation Period</b>	Quarter 2					
Part A - Reconciliation Summary						
Property Categories	Number of Properties			Market Values		
	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	51165	51165	0	24 238 653 603	24 238 653 603	-
Industrial	203	203	0	80 174 000	80 174 000	-
Business and Commercial	2338	2338	0	7 647 200 001	7 647 200 001	-
Agricultural	425	425	0	2 636 716 700	2 636 716 700	-
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	453	453	0	149 999 000	149 999 000	-
PBO	229	229	0	517 999 001	517 999 001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	240	240	0	609 109 000	609 109 000	-
Municipal	9304	9304	0	1578 008 503	1578 008 503	-
Other	0	0	0	-	-	-
<b>Total</b>	<b>64 511</b>	<b>64 511</b>	<b>-</b>	<b>40 780 982 208</b>	<b>40 780 982 208</b>	<b>-</b>
Part B - Detailed Reconciliation						
Property Categories	Monthly Billing - Mapped Accounts			Monthly Billing - Un Mapped Accounts		
	GV	MFS	Variance	GV	MFS	Variance
Residential	24 136 092	23 926 566	209 526	24 136 092	24 068 923	67 169
Industrial	2 534 701	2 406 920	127 781	2 534 701	2 476 789	57 912
Business and Commercial	24 176 623	21 961 762	2 214 861	24 176 623	22 104 070	2 072 553
Agricultural	694 775	489 960	204 815	694 775	490 677	204 097
Mining	649 288	622 019	27 270	649 288	622 019	27 270
State Owned for Public Purpose	10 796 997	3 453 148	7 343 849	10 796 997	3 453 148	7 343 849
PSI	-	-	-	-	-	-
PBO	-	2 498	- 2 498	-	-	-
Multi Use	-	-	-	-	-	-
Vacant	-	-	-	-	-	-
POW	-	13 554	- 13 554	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
<b>Total</b>	<b>62 988 476</b>	<b>52 876 427</b>	<b>10 112 049</b>	<b>62 988 476</b>	<b>53 215 626</b>	<b>9 772 850</b>

Sol Plaatje Local Municipality's General Valuation reconciliation for Quarter 2 of the 2025/26 financial year presents a paradoxical picture: while the municipality demonstrates exceptional accuracy in property enumeration and valuation recording, a significant operational disconnect undermines its ability to convert this asset base into billable revenue. Part A of the reconciliation confirms perfect alignment between the General Valuation roll and the municipal billing system across all 64,511 properties—spanning residential, industrial, commercial, agricultural, mining, and public-purpose categories—with zero variance in both property counts and total market value of R40.781 billion. This technical precision reflects robust cadastral management and valuation administration. However, this surface-level accuracy masks a deeper systemic failure in revenue administration, as the mere existence of accurate property records does not guarantee that these assets are being effectively leveraged for municipal income generation. The reconciliation thus exposes a critical governance gap: the municipality has successfully completed the foundational

valuation exercise required under the Municipal Property Rates Act but has not yet operationalised this data into a coherent, revenue-optimising billing framework.

The operational shortfall becomes starkly evident in Part B of the reconciliation, which compares General Valuation billing values against actual Municipal Financial System (MFS) billing outputs. For mapped accounts—properties correctly linked to billing records—the GV system indicates billable amounts totalling R62,988,476, yet the MFS reflects only R52,876,427, creating a substantial variance of R10,112,049. Similarly, unmapped accounts show a variance of R9,772,850 between GV billing potential (R62,988,476) and MFS realisation (R53,215,626). These discrepancies are not evenly distributed but concentrate in high-value categories where revenue leakage has the greatest fiscal impact. Most notably, State Owned for Public Purpose properties exhibit a R7,343,849 shortfall in both mapped and unmapped accounts—suggesting systemic under-billing of government entities despite their substantial market value of R2.499 billion. As indicated by the municipality, government get billed annually and some businesses and households opt to get billed annually. Business and Commercial properties, representing R7.647 billion in market value, show variances of R2.215 million (mapped) and R2.073 million (unmapped), indicating inconsistent tariff application or incomplete billing coverage across commercial ratepayers. Even residential properties—comprising over 79% of the property base—show measurable variances of R209,526 (mapped) and R67,169 (unmapped), cumulatively representing significant lost revenue across the municipality's largest ratepayer segment.

These billing variances directly exacerbate Sol Plaatje's already precarious financial position and compound the revenue collection challenges documented in previous MDRP assessments. When valuation-based billing potential is systematically under-realised—as evidenced by the R10 million-plus quarterly gap between GV billing values and MFS outputs—the municipality effectively operates with a constrained revenue base before collection efforts even begin. The annual billing on Property distorts this figure. This structural revenue leakage interacts destructively with the municipality's weak collection performance (61% in Q2), creating a dual deficit: not only does Sol Plaatje fail to collect from billed amounts, but it also fails to bill the full amount legally permissible under its valuation roll. The consequence is a compounding erosion of fiscal capacity that undermines debt relief eligibility, jeopardises bulk service payments, and restricts service delivery funding. Addressing this requires more than billing system corrections; it demands integrated governance action to align valuation administration with revenue management, enforce consistent tariff application across all property categories—including government entities—and implement rigorous monthly reconciliation protocols that flag and resolve billing variances before they accumulate. Without closing this valuation-to-billing gap, even dramatic improvements in collection rates will prove insufficient to achieve the financial sustainability required for MDRP compliance and long-term municipal viability.

### Condition 6.9 – Monitor and Report on compliance

Sol Plaatje Local Municipality has successfully uploaded all mandatory financial and operational data strings to the GoMuni platform, National Treasury's centralised municipal reporting system. This timely submission demonstrates the municipality's adherence to statutory reporting requirements and reinforces its commitment to fiscal transparency and accountable governance under the Municipal Finance Management Act.

In compliance with Section 71 of the MFMA, the municipality maintains a consistent record of fulfilling its monthly reporting obligations through GoMuni. These submissions deliver a comprehensive fiscal snapshot—including revenue collection performance, expenditure patterns, budget execution metrics, and emerging financial risk indicators—providing stakeholders with reliable, standardised data for assessment and intervention.

The Section 71 reporting cycle functions as a critical accountability mechanism within the municipal financial management framework. For executive leadership, the data enables evidence-based decision-making and early corrective action where budgetary or operational deviations arise. For oversight bodies—including National Treasury, Provincial Treasury, and the Municipal Public Accounts Committee—the reports serve as an essential diagnostic tool for monitoring financial sustainability, MDRP compliance, and governance maturity. By sustaining punctual and accurate GoMuni submissions, Sol Plaatje strengthens institutional credibility, supports informed oversight, and aligns its financial administration with national standards of municipal accountability.

MFMA S71 Statement component		Compliance (Yes / No)
1.	<b>The Budget Performance Overview (paragraph 4) of the MFMA S71 statement</b> explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	<b>The conclusion (paragraph 14) of the MFMA S71 statement</b> 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.	<b>Annexure B of the MFMA S71 statement included the following debt relief reporting components-</b>	



MFMA S71 Statement component		Compliance (Yes / No)
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 <b>MFMA Budget Circular 128 (Annexure B)</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 <ul style="list-style-type: none"> <li>i. the overall performance graph;</li> <li>ii. Summary worksheet; and</li> <li>iii. Collection per ward indicating who supplies electricity in the ward</li> </ul>	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of <b>MFMA Budget Circular 128 (Annexure D)</b> .	Yes
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of <b>MFMA Budget Circular 128 (Annexure C)</b> .	Yes
3.6.1	The summary of the municipality's property rates reconciliation was undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes
3.8	Recommendations noting explicitly the debt relief reporting to the mayor and / or Mayoral Committee meeting	Yes

Sol Plaatje Local Municipality's MFMA Section 71 statement represents a robust demonstration of compliance with both the Municipal Debt Relief Programme (MDRP) and MFMA Circular 124 requirements, distinguished by its methodological rigor and substantive depth. The Budget Performance Overview delivers a transparent, chronologically structured analysis of budget execution that neither obscures nor minimizes implementation challenges. Where progress has been constrained, the statement precisely identifies contributing operational and financial barriers

while articulating concrete remedial measures currently in progress. This forthright approach establishes a credible foundation for informed oversight by Council, National Treasury, and Provincial Treasury, transforming routine reporting into a strategic governance tool that enables proactive risk management and timely intervention.

The statement's conclusion elevates compliance beyond procedural obligation by fully integrating MFMA Circular 124, Condition 6.9. It systematically identifies implementation risks associated with the funded budget and budget funding plan, while articulating specific mitigation strategies that demonstrate the municipality's commitment to fiscal discipline. This structured risk management approach reflects a sophisticated understanding of the consequences of non-compliance and establishes a clear framework for containing fiscal slippage before it escalates to critical levels. Complementing this, Annexure B provides comprehensive alignment with MFMA Budget Circular 128, incorporating the required Circular 124 self-assessment, a longitudinal view of debt relief compliance since National Treasury approval, and the most recent Provincial Treasury compliance certificate. The revenue collection documentation exceeds minimum requirements through its detailed presentation of overall performance metrics, ward-level reporting by electricity supplier, and structured indigent management information—all meticulously formatted according to prescribed standards.

The statement's technical completeness is further demonstrated through its precise property rates reconciliation in National Treasury format, coupled with a month-by-month tracking of corrective actions addressing valuation roll to billing system variances. This systematic approach transforms data into actionable insight, demonstrating not only awareness of potential revenue leakage but also accountability for remediation. Similarly, the bulk service obligations section provides an unbroken audit trail through current account documentation, proof of payment, and mSCOA-aligned reconciliation statements for both Eskom and Water Board accounts—directly supporting MDRP compliance verification. Concluding with clear, actionable recommendations to the Mayor and Mayoral Committee, the statement establishes a compelling roadmap for political and executive leadership. This comprehensive reporting framework not only satisfies regulatory requirements but creates a powerful platform for evidence-based decision-making and strategic oversight. Moving forward, the municipality must ensure that this exemplary reporting framework is matched by consistent implementation of documented corrective actions, with measurable progress on revenue enforcement, expenditure control, and bulk account payment discipline to translate reporting excellence into tangible financial recovery.

### **Condition 6.10 – National Treasury certification of municipal compliance**

National Treasury serves as the central steward of fiscal integrity within the Municipal Debt Relief Programme, exercising rigorous oversight to ensure that debt relief catalyses



sustainable financial recovery rather than providing temporary respite. This role extends beyond granting approval to actively enforcing strict compliance conditions, monitoring implementation fidelity, and safeguarding public resources against renewed distress. Through structured evaluation and continuous monitoring, Treasury reinforces accountability across the local government sector while protecting the credibility of the national debt relief framework itself—ensuring that write-offs translate into behavioural change, not repeated cycles of insolvency.

In this context, National Treasury has formally certified Sol Plaatje Local Municipality as compliant with applicable MDRP conditions—a designation that carries substantive operational weight. This certification confirms that the municipality has demonstrated the minimum standards of governance functionality, financial management controls, revenue enforcement discipline, and bulk account settlement required to responsibly manage debt relief. Importantly, certification is not a permanent achievement but a conditional endorsement that remains valid only while the municipality sustains the systems and behaviours that earned it. It represents Treasury's measured confidence in Sol Plaatje's foundational progress, not an assurance of continued eligibility should performance deteriorate.

To sustain this standing, National Treasury applies a structured monitoring framework focused on five interdependent pillars: budget credibility to prevent unrealistic planning that triggers new arrears; cash-flow discipline to ensure operational continuity and creditor confidence; revenue performance measured against the 95% collection benchmark to address the root cause of municipal insolvency; expenditure control to protect scarce resources for core service delivery; and consistent, full settlement of bulk service accounts to maintain essential supply and programme eligibility. This approach is deliberately forward-looking—designed to identify slippage early, demand evidence-based corrective action, and escalate non-compliance before fiscal deterioration becomes irreversible

### **Condition 6.11 – Limitation on Municipal borrowing powers**

The restriction on municipal borrowing—and the prohibition on incurring new debt during the debt relief period—forms a core element of the control framework underpinning the Municipal Debt Relief Programme. These provisions are designed to entrench fiscal discipline by ensuring that borrowing activity is tightly regulated, remains within statutory limits, and does not undermine the objective of restoring financial sustainability. By preventing municipalities from accumulating new obligations while historic arrears are being resolved, the framework limits fiscal slippage, protects liquidity, and strengthens the credibility of the debt relief intervention.



Since the commencement of the Debt Relief Programme on 1 October 2023, Sol Plaatje Local Municipality has complied with these borrowing restrictions. The municipality has not incurred new debt during the relief period, reducing exposure to additional repayment pressures and demonstrating alignment with prudent financial management principles. This approach supports the stabilisation effort by allowing the municipality to focus on improving revenue performance, strengthening cash-flow discipline, and implementing corrective actions required under the programme.

Continued adherence to borrowing controls is essential to sustaining stakeholder confidence, including that of residents, creditors, oversight institutions, and potential investors. By avoiding unsustainable borrowing and prioritising expenditure control and operational efficiency, the municipality strengthens its financial resilience and improves its ability to maintain service delivery while progressing toward long-term fiscal recovery.

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

The updated Supplementary Guide to MFMA Circular No. 124 introduces significant reforms to strengthen the governance, transparency, and accountability of municipal debt relief fund management under the Municipal Debt Relief Programme. These enhancements establish a more robust framework to ensure that debt relief resources are deployed responsibly and in strict accordance with programme conditions, thereby supporting credible financial recovery rather than enabling renewed fiscal distress.

A central reform requires municipalities to channel debt relief funds through their general ledger accounts while maintaining distinct traceability via monthly mSCOA reporting. This integrated-yet-transparent approach embeds debt relief transactions within normal financial operations—avoiding parallel accounting systems—while preserving an auditable trail for oversight institutions. The model ensures that relief funds inform day-to-day liquidity management without obscuring their purpose or diluting accountability.

To enhance sector-wide consistency and oversight effectiveness, the Guide mandates the monthly upload of complete bank statements and certified bank reconciliations to the GoMuni platform. This digital reporting requirement eliminates information asymmetry between municipalities and oversight bodies, enabling National and Provincial Treasuries to monitor cash flows in near real-time, verify payment commitments to bulk service providers, and detect emerging liquidity risks before they escalate.

The Guide also clarifies accounting treatment for debt relief benefits, requiring municipalities to formally recognise interest and penalty write-offs—such as those granted by Eskom—in their financial records. This ensures that balance sheets and income statements accurately

reflect the economic substance of debt relief interventions, supporting audit readiness and preventing misrepresentation of financial performance. Complementing this, municipalities must maintain comprehensive documentation of all debt relief transactions, supported by regular reconciliations between creditor statements, municipal records, and mSCOA submissions. This control framework mitigates the risk of unauthorised adjustments, strengthens audit trails, and safeguards against the recurrence of unsustainable debt accumulation.

Underpinning these technical reforms is a renewed emphasis on transparency and stakeholder accountability as foundational principles of sustainable municipal finance. By leveraging standardised digital systems like GoMuni, National Treasury advances a culture of open governance where financial decisions are traceable, verifiable, and subject to meaningful scrutiny. Collectively, these measures establish a disciplined yet practical framework that positions municipalities to protect public resources, demonstrate credible progress toward financial stability, and rebuild confidence in local government's capacity to manage its fiscal obligations responsibly.

#### **Condition 6.14 – NERSA Licence**

Participation in the Municipal Debt Relief Programme (MDRP) is governed by stringent conditions that are intended to entrench financial recovery, strengthen accountability, and promote responsible governance. One of the most consequential provisions is that, in cases of sustained non-compliance, a municipality may be required to voluntarily apply to the National Energy Regulator of South Africa (NERSA) for the revocation of its electricity distribution licence in terms of section 17 of the Electricity Regulation Act, 2006. This provision operates as a strong enforcement measure, directly linking continued participation in the MDRP to the municipality's ability to responsibly manage its electricity distribution function and to meet its financial and regulatory obligations.

This requirement is not applied automatically; it is triggered only where a municipality is formally removed from the programme due to persistent non-compliance. Its inclusion in the MDRP framework underscores the seriousness with which National Treasury views ongoing failure to implement corrective actions, honour bulk service obligations, and maintain basic financial discipline. The potential loss of the electricity licence signals that sustained non-performance has consequences that extend beyond reporting outcomes and may fundamentally alter how the electricity service is governed and delivered.

The measure reflects National Treasury's emphasis on accountability and durable reform in municipal financial management. MDRP participation requires more than technical compliance at a point in time—it demands consistent operational discipline, effective governance oversight, and

prudent financial stewardship throughout the programme period. Continued access to debt relief benefits, and the municipality's ability to protect service delivery, depends on maintaining these standards through sustained implementation, credible performance improvement, and demonstrable compliance with the programme's conditions.

### **High-Level Recommendations:**

#### **Prioritise Eskom Current Account Settlement as a Non-Negotiable Operational Imperative**

Immediately implement ring-fenced cash-flow protocols that allocate revenue to Eskom before discretionary expenditure. Establish weekly finance committee reviews of bulk service payment status with escalation to Municipal Manager for any deviation. Full and timely settlement of the current account is binary—partial payments invalidate MDRP eligibility and block the second-cycle debt write-off. Without this, all other reforms lack credibility.

#### **Restructure Revenue Enforcement Beyond Electricity-Only Tactics**

End reliance on electricity disconnections as the sole enforcement lever. Within 30 days, implement controlled water restrictions for non-payment (while protecting minimum free basic services) and enhance consolidated billing to enable cross-service debt recovery. This balanced approach must be uniformly applied across all consumer categories—no exemptions based on political considerations—to restore payment discipline across water (46%), wastewater (37%) and refuse (40%) services.

#### **Close the R10+ Million Valuation-to-Billing Gap Through System Integration**

Appoint a dedicated revenue integrity task team to reconcile General Valuation billing potential with Municipal Financial System outputs within 60 days. Prioritise correction of under-billing in high-value categories—particularly State Owned for Public Purpose properties (R7.3 million shortfall)—and enforce consistent tariff application across all property types. Revenue leakage at the billing stage compounds collection weaknesses; both must be addressed simultaneously. The municipality has indicated that government predominantly gets billed annually.

#### **Embed Smart Meter Infrastructure into an End-to-End Revenue Strategy**

Move beyond hardware installation to operationalise the 15,000+ smart meters installed in 2024. Within the next quarter, integrate meter data with billing systems to enable automated consumption controls for indigent households (capping at 50 kWh electricity/6 kl water), real-time arrears monitoring, and targeted enforcement. Technology without process integration delivers no revenue benefit.



### **Adopt Conservative, Evidence-Based Revenue Assumptions in Budget Execution**

Revise MTREF implementation to reflect actual collection capacity (61%) rather than optimistic projections. Strengthen debt impairment provisioning to prevent overstated revenue and redirect national transfers to fund indigent support at appropriate levels. Fiscal sustainability requires planning for current reality—not aspirational targets—while implementing aggressive but realistic collection improvement trajectories.

### **Institutionalise Monthly Council Accountability for Revenue Performance**

Transform Council oversight from passive endorsement to active verification. Introduce a standing agenda item with structured dashboards tracking: (i) Eskom/Water Board payment status, (ii) service-specific collection rates against 95% benchmark, (iii) arrears growth/reduction by category, and (iv) enforcement action metrics. Council must hold management accountable for outcomes—not just plans—with consequence management for sustained underperformance.

### **Accelerate Tariff Restructuring Toward Cost Reflectivity with Phased Implementation**

Commission an urgent review of trading service tariffs with a 12-month roadmap to cost reflectivity for water, sanitation, electricity and solid waste. Implement transparent communication campaigns to prepare communities for necessary adjustments, coupled with strengthened indigent targeting to protect vulnerable households. Without cost-reflective tariffs, operational deficits will persist regardless of collection improvements—undermining service delivery sustainability and MDRP compliance.

For enquiries, please feel free to contact Mr. Mandla Gilimani on [mandla.gilimani@treasury.gov.za](mailto:mandla.gilimani@treasury.gov.za).

Kind regards

**MANDLA GILIMANI**  
**DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS**  
**DATE: 11/02/2026**

CC: Mrs Marli van der Woude, MFIP Revenue Advisor – [marli@mfip.gov.za](mailto:marli@mfip.gov.za)

## Annexures (December 2025 Compliance Certificates)

### Annexure A2 - Monthly

		<b>National Treasury</b> <b>Municipal Debt Relief</b> <b>MFMA Circular No. 124</b> <b>Municipal Finance Management Act No. 56 of 2003</b>	
<b>National Treasury</b>			
<b>Certificate of Compliance: Municipal Debt Relief Conditions for Application</b>			
Period			Dec'25
National Financial Year			2025/26
Demarcation Code of Municipality being assessed			NC091
District	Frances Baard		
Demarcation Description	Sol Plaatje		
<p>I, <a href="#">Mandla Gilimani</a>, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in <b>MFMA Circular No. 124</b> 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>			
<p align="right"><i>Choose from drop down list</i></p>			
<b>Municipal Debt Relief Conditions (Monthly reporting)</b>			
6.3 +	<b>Maintaining the Eskom and bulk water current account –</b> <small>(current account for the purpose of this exercise means the account for a single month's consumption):</small>		
6.12			
1	6.12.2	- Has the municipality paid its <b>bulk water current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ?	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 <b>Eskom bulk current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	No
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ?	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	<b>Compliance with a funded MTREF –</b> <i>(choose from drop down list the MTREF assessed)</i>		
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - <a href="http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx">http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx</a> ?	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 <i>(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)</i> on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?  <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i>	Yes
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment <i>(considering its asset register and physical state of assets)</i> on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?  <i>Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>	Yes



11	6.4.2	- <b>If the municipality's MTREF is not funded</b> , 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	- <b>If the municipality's MTREF is not funded and it has an FRP per the legislative framework</b> , 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>	Yes
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	<b>Cost reflective tariffs</b> – (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 <b>Electricity and water as collection tools</b> – has the municipality, with effect from the tabling of the 2023/24 MTREF, <b>demonstrated, through its by-laws and budget related policies</b> 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 <b>Supporting evidence</b>: 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 <b>Maintain a minimum average quarterly collection of property rates and services charges</b> –</p>			
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges <b>with effect from 01 April 2023</b> and 85 per cent average quarterly collection <b>with effect from 01 April 2024</b> during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Yes
<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, <b>has the municipality demonstrated to the satisfaction of National Treasury the following</b> :	
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <b>and</b> 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.	6.7.1 = Yes



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)?	6.7.1 = Yes
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?	6.7.1 = Yes
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes
<b>6.8 Municipality's Completeness of the revenue base –</b>			
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	- <b>For the latest ending Quarter</b> -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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	Yes
<b>6.9 Monitor and report on implementation –</b>			
29	6.9.1	- <b>MFMA section 71 reporting</b> – 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 <b>active intervention evident</b> 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>	Yes



31	6.9.3	- <b>Municipalities with financial recovery plans (FRP)</b> – 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="Yes"/>
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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	<input type="text" value="Yes"/>
<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	<b>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:</b>	
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 <b>conditions for provincial treasuries</b> (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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ? <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 <b>conditions for provincial treasuries</b> (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	<b>Limitation on municipality borrowing powers</b> - 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	<b>For the duration of the Municipal Debt Relief (to ensure proper management of resources):</b>	
37	6.12.1	- has the municipality <b>apportioned and ring-fenced in a sub-account</b> to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) <b>the component of the Local Government Equitable Share (LGES)</b> the municipality earmarked to provide free basic electricity, water and sanitation?	<input type="text" value="No"/>
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	<input type="text" value="No"/>
<i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i>			
39		<b>Supporting evidence:</b> 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	<b>Accounting Treatment</b> - 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: **Mandla Gilimani**

Signature of HOD/ NT/ MM:

Date: **11/02/2026**

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

\*\*Note – The Signed Certificate to be uploaded on Goniwe 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
NC891	Frances Baard	Sol Plaatje

Municipal Details		Monthly Performance Report																														Scoring and Rating													
		Part A					Part B					Part C				Part D				Part E				Part F																					
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25 July 25	Sol Plaatje	NC891	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	80%	Above Moderate	
26 August 25	Sol Plaatje	NC891	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	74%	Moderate compliance	
27 September 25	Sol Plaatje	NC891	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	83%	Above Moderate	
28 October 25	Sol Plaatje	NC891	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	76%	Moderate compliance	
29 November 25	Sol Plaatje	NC891	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	83%	Above Moderate	
30 December 25	Sol Plaatje	NC891	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	83%	Above Moderate	
31 January 26	Sol Plaatje	NC891																																									0%	Not completed	
32 February 26	Sol Plaatje	NC891																																									0%	Not completed	
33 March 26	Sol Plaatje	NC891																																									0%	Not completed	
34 April 26	Sol Plaatje	NC891																																									0%	Not completed	
35 May 26	Sol Plaatje	NC891																																									0%	Not completed	
36 June 26	Sol Plaatje	NC891																																									0%	Not completed	
37 July 26	Sol Plaatje	NC891																																									0%	Not completed	
38 August 26	Sol Plaatje	NC891																																									0%	Not completed	
39 September 26	Sol Plaatje	NC891																																									0%	Not completed	
40 October 26	Sol Plaatje	NC891																																									0%	Not completed	
41 November 26	Sol Plaatje	NC891																																									0%	Not completed	

		Comments/Motivation	
HOD Name:	Mandla Gilimani		
Signature of HOD:			
Date:	11/02/2026		

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



Annexure A2 - Monthly

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

Municipality Self-Assessment

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period: Jan 26, National Financial Year: 2026/26, Demarcation Code of Municipality being assessed: NC091, District: Frances Baard, Demarcation Description: Sol Plaatje

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

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Table with 4 columns: Condition ID, Description, Response (Yes/No), and Notes/Comments. Rows include conditions 6.1.2, 6.1, 6.4.1, 6.4.2, and 6.5.

Notes/Comments

15	6.6	<b>Electricity and water as collection tools</b> – has the municipality, with effect from the taking of the 2023/24 MHEF, demonstrated, through its by-laws and budget related policies that:		
16	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
17	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
18	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? 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	
19	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the relevant MF format	No	
20	6.6	<b>Supporting evidence:</b> The National Treasury and/ or provincial treasury's relevant budget statements confirm that municipality's relevant MFHEF's relevant budget outcomes are by laws demonstrating compliance with paragraph 6.6.		
21	6.7	<b>Maintain a minimum average quarterly collection of property rates and services charges</b>		
22	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter – demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter	
23	6.7.2	<b>Note:</b> Although the reason and evidence for underperformance (MFMA s.71) may vary from quarter to quarter, municipalities must report reasons for underperformance in the MFMA s.71 statement. The first two years from 2023 to 2024.		
24	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:		
25	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	
26	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 areas?	Does not have function	
27	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 areas) 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	
28	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
29	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MHEF with a smart pre-paid meter?	Yes	
30	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 labied and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
31	6.8	<b>Municipality's Completeness of the revenue base –</b>		
32	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	
33	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 compliance reporting in the MFMA's 71 statement	Yes	
34	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 <a href="https://goportal.treasury.gov.za">https://goportal.treasury.gov.za</a> ?	Yes	
35	6.9	<b>Monitor and report on implementation –</b>		
36	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	
37	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	Yes	
38	6.9.3	- <b>Municipalities with financial recovery plans (FRP)</b> – 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	
39	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 <a href="https://goportal.treasury.gov.za">https://goportal.treasury.gov.za</a> ? Note – municipalities with a FRP must only be required to submit a narrative of the FRP progress report also submitted to both the Provincial Executive and NTR	No FRP	
40	6.10	<b>Provincial Treasury Note – Provincial Treasury certificate of municipal compliance – in terms of section 5.1.1 of the MFMA with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief (MDR).</b>		
41	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	
42	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 <a href="https://goportal.treasury.gov.za">https://goportal.treasury.gov.za</a> ? Note – in the case of a non-delegated municipality the National Treasury issues the compliance certificate	Yes	
43	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?	No	



