



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

Monthly Budget Statement S71 Monthly Report February 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 March 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 28 FEBRUARY 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 R4,580,803 billion, of which 91% of the debt is owed in excess of 90 days. The total debt by customer group is classified as follows; R786,962 million is owed by government, R722,931 million by businesses and R2,926,088 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: February 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 **28 February 2026**, the ten working day reporting limit expires on **13 March 2026**. The National Treasury will use only the *m*SCOA data strings required for submission as prescribed and all publications will use the data collected from the *m*SCOA data strings" which must be submitted before or on **13 March 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 February 2026	YTD Actual February 2026	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	2,155,034	2,046,051	(108,983)	94.9%	-5.1%
Total Revenue (including capital transfers and contributions)	2,611,145	2,420,329	(190,816)	92.7%	-7.3%
Total Operational Expenditure	2,192,696	1,764,788	(427,908)	80.5%	-19.5%

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

As indicated in Table 1.1 above, as at 28 February 2026, the billed revenue excluding capital grants amounted to R2,046,051 billion which resulted in an unsatisfactory variance of minus 5.1% when compared to the YTD Budget of R2,155,034 billion. The billed revenue including capital grants amounted to R2,420,329 billion, resulting in an unsatisfactory variance of minus 7.3% when compared to the YTD budget of R2,611,145 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 R1,764,788 billion versus the YTD Budget of R2,192,696 billion resulting in an unsatisfactory variance of minus 19.5%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Adjustment Budget	YTD Actual February 2026	Variance Favourable (Unfavourable)	% YTD Actual vs Adjust ment Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 66.67%
Total Revenue (excluding capital transfers and contributions)	3,228,733	2,046,051	1,776,990	63.4%	-3.3%
Total Revenue (including capital transfers and contributions)	3,912,899	2,420,329	2,094,254	61.9%	-4.8%
Total Operational Expenditure	3,484,060	1,764,788	1,474,449	50.7%	-16.0%

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

Indicated in Table 1.2 above is the YTD actual compared to the Adjustment Budget. When calculating the ideal In-Year-Monitoring percentage of 66.67% [calculated as follow: (100/12 months x 8 months of the year)] as at the end of February 2026, the Total operational revenue excluding capital grants versus the Adjustment Budget resulted in a satisfactory variance of minus 3.3%. The Total operational revenue including capital grants versus the Adjustment Budget resulted in a satisfactory variance of minus 4.8%. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 16.0%.

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

4. Budget performance overview

The municipality is implementing the Adjustment budget for 2025/26 financial year. The Original and Adjustments 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										
	2025/26									
	Budget Main appropriation	Adjusted Budget	First Quarter		Second Quarter		Third Quarter		Year to Date	
R thousands			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	3,228,733	912,667	28.2%	710,127	22.0%	423,256	13.1%	2,046,051	63.4%
Operating Expenditure	3,212,506	3,484,060	792,110	24.7%	643,808	20.0%	328,870	9.4%	1,764,788	50.7%
Transfers and subsidies - capital (monetary allocations)	684,166	684,166	103,603	15.1%	240,645	35.2%	30,031	4.4%	374,278	54.7%
Total Revenue	3,918,354	3,912,899	1,016,270	25.9%	950,771	24.3%	453,288	11.6%	2,420,329	61.9%

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 Adjusted Budget standing at 63.4% versus the ideal percentage of 66.67%. This is largely attributable to the annual billing on Property rates. Operating expenditure is 50.7% spent. It should be noted that Post-retirement health benefits and Depreciation is not yet accounted for, the bulk electricity account for February 2026 will be captured during March 2026. For the month under review, Employee related costs are understated due to an integration error from Payday to Solar. This was corrected in March 2026. Transfers and subsidies – capital transferred to revenue amounts to 54.7% of the Main appropriation, as grants will be recognized when the conditions are met. Total Revenue is standing at 61.9% as at end of February 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	632,781	94,214	15.0%	202,604	32.3%	30,966	4.9%	327,785	51.8%
Transfers recognised - capital	594,927	595,392	90,089	15.1%	201,760	33.9%	30,966	5.2%	322,836	54.2%
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	32,404	37,389	4,125	12.7%	824	2.5%	-	-	4,949	13.2%

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 51.8% spent versus the Adjusted Budget, whilst conditional grants spent amount to 54.2% and internally generated funds at 13.2% 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

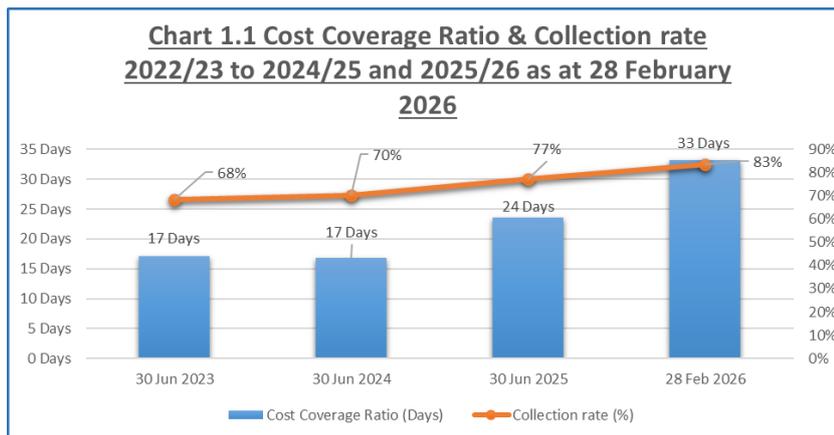
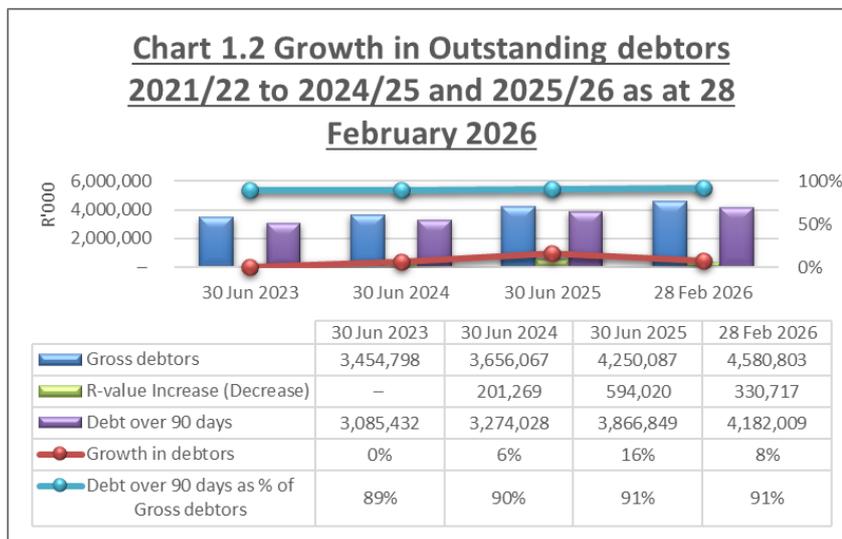


Chart 1.2 Growth in Outstanding debtors



- 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 28 February 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 28 February 2026 is critically low, standing at 33 days. The average collection rate for February 2026, is 83%.
- Debtors increased by R201,269m (6%) from 2022/23 to 2023/24, by R594,020m (16%) from 2023/24 to 2024/25, and by R330,717m (8%) from 30 June 2025 to 28 February 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 February 2026, the municipality made a payment of R88,134 million on the January 2026 account which is now settled in full. 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, September to October 2025 and January 2026. Interest charges for the period July 2024 to January 2026, amounts to R57,124 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 January 2026.

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
Jan-26	R 88,134,880.12	R 88,134,880.12	R -	R -	R -	R 5,284,126.22
TOTAL ESKOM	R 1,751,459,917.40	R 1,340,648,429.14	R 410,811,488.26	R 113,900,000.00	R 524,711,488.26	R 57,124,362.44

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 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 20,043,140.87	R -	R -	R -	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 -
Jan-26	R 30,102,686.72	R -	R 30,102,686.72	R -	R 30,102,686.72	R -
TOTAL WATER	R 304,997,065.15	R 72,238,444.21	R 232,758,620.94	-R 14,703,680.46	R 218,054,940.48	R -

Table 2.2 Arrear debt payable to DWS

Indicated in Table 2.2 above is the arrear debt payable to DWS. Another serious non-compliance to the conditions, is the non-payment of October, November, December 2024, January, June, July, August, October, November, December 2025 and January 2026 account for Water. The February, March and September 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 **R218,054,940.48** 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 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, October, November and December 2025 and January 2026 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 were suspended with immediate effect, only critical vacant and funded positions will be filled. This moratorium has since been lifted to allow appointments to proceed.

An interim moratorium has been implemented on the sale of leave. Sale of leave to settle municipal accounts will no longer be permitted. Only exiting employees are entitled to their leave pay-out.

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

The municipality confirm the appointment of the following Debt Collection Agencies:

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

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

PRE-LEGAL process will entail the following:

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

LEGAL PROCESS will entail the following:

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

On 28 April 2025, 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 31 March 2026**

4.1 Operating Revenue by Source

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - M08 February

Description	Adjustment Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Adjustment Budget	Adjustment Budget Variance	Adjustment Budget Variance IYM % - 66.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Revenue										
Exchange Revenue										
Service charges - Electricity	1,219,183	67,862	670,323	812,668	82.5%	(142,345)	-17.5%	55.0%	(142,466)	-11.7%
Service charges - Water	363,126	30,811	228,060	241,895	94.3%	(13,835)	-5.7%	62.8%	(14,024)	-3.9%
Service charges - Waste Water Management	106,317	9,901	78,248	70,858	110.4%	7,390	10.4%	73.6%	7,370	6.9%
Service charges - Waste management	77,807	7,464	59,313	49,905	118.9%	9,408	18.9%	76.2%	7,442	9.6%
Sale of Goods and Rendering of Services	20,425	882	10,711	12,786	83.8%	(2,075)	-16.2%	52.4%	(2,906)	-14.2%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	182,139	13,835	118,793	102,741	115.6%	16,052	15.6%	65.2%	(2,633)	-1.4%
Interest from Current and Non Current Assets	18,000	391	2,716	12,000	22.6%	(9,284)	-77.4%	15.1%	(9,284)	-51.6%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	29,740	2,323	19,569	19,827	98.7%	(258)	-1.3%	65.8%	(258)	-0.9%
Licence and permits	1,000	26	246	667	36.9%	(421)	-63.1%	24.6%	(421)	-42.1%
Operational Revenue	5,182	1,075	3,950	2,615	151.0%	1,335	51.0%	76.2%	495	9.6%
Non-Exchange Revenue										
Property rates	717,920	53,167	535,934	478,613	112.0%	57,320	12.0%	74.7%	57,320	8.0%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	34,743	(47)	1,347	23,162	5.8%	(21,815)	-94.2%	3.9%	(21,815)	-62.8%
Licence and permits	8,200	126	6,631	5,467	121.3%	1,164	21.3%	80.9%	1,164	14.2%
Transfers and subsidies - Operational	331,406	379	235,794	217,330	108.5%	18,464	8.5%	71.1%	14,857	4.5%
Interest	102,540	7,731	66,654	75,117	88.7%	(8,463)	-11.3%	65.0%	(1,706)	-1.7%
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	11,005	979	7,768	29,384	26.4%	(21,616)	-73.6%	70.6%	431	3.9%
Gains on disposal of Assets	-	(5)	(5)	-	-	(5)	#DIV/0!	-	(5)	-
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	3,228,733	196,901	2,046,051	2,155,034	94.9%	(108,983)	-5.1%	63.4%	(106,438)	-3.3%
Transfers and subsidies - capital	684,166	14,144	374,278	456,111	82.1%	(81,832)	-17.9%	54.7%	(81,832)	-12.0%
Total Revenue (including capital transfers and contributions)	3,912,899	211,045	2,420,329	2,611,145	92.7%	(190,816)	-7.3%	61.9%	(188,270)	-4.8%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

Exchange Revenue

- ❖ Service charges - Electricity is showing an unsatisfactory variance of minus 17.5%. The basic and capacity charges for households for the 2025/26 financial year is in the process of being resolved. It is also attributable to high electricity losses. Service charges Water is satisfactory with a variance of minus 5.7%. 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 16.2%, when compared to the YTD Budget. Revenue from Academic Services: Reg/Tuition/Exam Fee is not materialising and lower than anticipated receipts from cemetery and burial fees
- ❖ Interest earned from Receivables is showing a positive variance of 15.6% 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 77.4%. 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 positive variance of 1.3% when compared to the YTD budget.
- ❖ Licences and permits are showing a negative variance of 63.1%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated, 24.56% achievement versus a budget of R1,000 million.
- ❖ Operational Revenue is showing a satisfactory positive variance of 51.0%, as a result on an over-recovery on Commission: Transaction Handling Fees.

Non-Exchange Revenue

- ❖ Property Rates is showing a satisfactory variance of 12.0%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 94.2%, due to an under-recovery on Fines: Law Enforcement that is standing at 7.56% achieved versus a target of R13,000 million. Penalties: Disconnection Fees standing at 1.52% 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 21.3%, due to possible outstanding payments due to the Department of Transport, Safety and Liaison.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 8.5%, this is due to the receipt of the second tranche of the Equitable share.
- ❖ Interest is showing an under-recovery of minus 11.3%, as a result of a slight under-recovery for interest from Property rates.
- ❖ Operational Revenue is showing an unsatisfactory variance of minus 73.6%. Revenue from non-exchange transaction for electricity is not materialising and was adjusted downwards during the Adjustments budget.
- ❖ Transfers and subsidies - Capital is showing a satisfactory variance of minus 17.9% 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 Adjustment Budget

Based on the IYM percentage of 66.67%, the majority of revenue sources are performing satisfactorily.

Exchange Revenue

- ❖ Overall, Service charges when compared to the Adjustment 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 14.2%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a satisfactory variance of 1.4%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a negative variance of 51.6%. Same factors are applicable as described in the paragraph above.
- ❖ Rental from Fixed Assets is showing a satisfactory variance of 0.9%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits are showing an unsatisfactory variance of minus 42.1%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a satisfactory variance of 9.6%. Same factors are applicable as described in the paragraph above.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive variance of 8.0%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 62.8%. Same factors are applicable as described in the paragraph above.
- ❖ Licence and permits are showing a satisfactory variance of 14.2%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 4.5%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a positive variance of 3.9%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Capital is showing a satisfactory variance of minus 12.0%. 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 28 February 2026. The main contributors of the municipality's revenue are Service Charges (50.6%), Property Rates (26.2%) and Other Revenue (11.5%). The weighting is distorted due to the annual billing on Property rates and the receipt of the second tranche of the Equitable share.

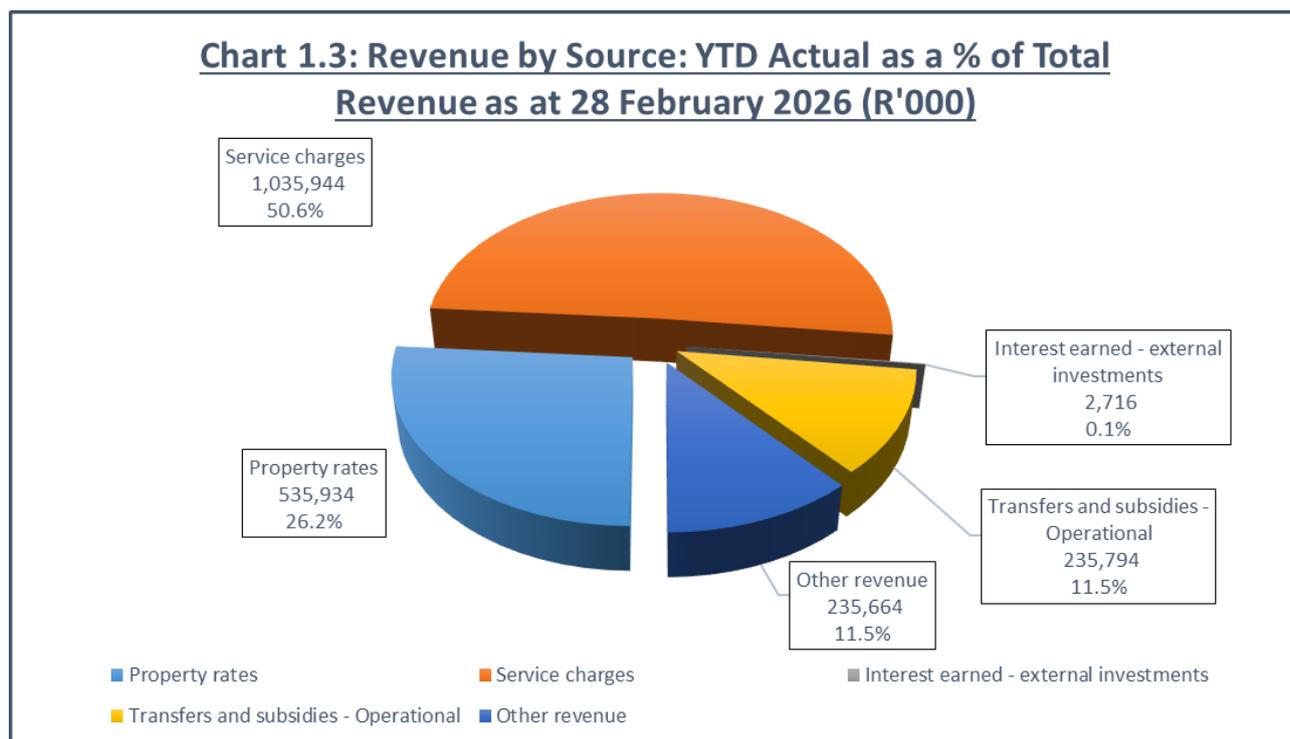


Chart 1.3: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Description	Adjustment Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Adjustment Budget	Adjustment Budget Variance	Adjustment Budget Variance IYM % - 66.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	1,024,295	1,883	525,760	673,641	78.0%	(147,881)	-22.0%	51.3%	(157,104)	-15.3%
Remuneration of councillors	37,083	2,760	22,316	24,722	90.3%	(2,406)	-9.7%	60.2%	(2,406)	-6.5%
Bulk purchases - electricity	1,000,000	39,593	573,252	666,000	86.1%	(92,748)	-13.9%	57.3%	(93,414)	-9.3%
Inventory consumed	363,475	7,807	174,465	227,559	76.7%	(53,094)	-23.3%	48.0%	(67,852)	-18.7%
Debt impairment	526,399	-	218,574	309,282	70.7%	(90,708)	-29.3%	41.5%	(132,358)	-25.1%
Depreciation and amortisation	90,200	-	-	60,133	0.0%	(60,133)	-100.0%	0.0%	(60,133)	-66.7%
Interest	85,900	37,737	45,989	21,972	209.3%	24,017	109.3%	53.5%	(11,278)	-13.1%
Contracted services	50,356	1,900	16,258	31,471	51.7%	(15,212)	-48.3%	32.3%	(17,312)	-34.4%
Transfers and subsidies	4,450	42	1,365	2,897	47.1%	(1,531)	-52.9%	30.7%	(1,601)	-36.0%
Irrecoverable debts written off	-	0	6	-		6			6	
Operational costs	197,555	15,121	125,933	121,949	103.3%	3,984	3.3%	63.7%	(5,770)	-2.9%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	104,346	22,836	60,868	53,069	114.7%	7,799	14.7%	58.3%	(8,696)	-8.3%
Total Expenditure	3,484,060	129,679	1,764,788	2,192,696	80.5%	(427,908)	-19.5%	50.7%	(557,919)	-16.0%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 28 February 2026 current YTD expenditure shows an unsatisfactory variance of minus 19.5%. The YTD actual amounted to R1,764,788 billion against the YTD Budget of R2,192,696 billion.

- ❖ Employee related costs show an unsatisfactory variance of minus 22.0%, 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. For the month under review there was an integration error that occurred between Payday and Solar resulting in the actuals being understated. The matter was resolved early in March 2026.
- ❖ Remuneration of councillors is showing an unsatisfactory variance of minus 9.7%. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils was issued and approved by Council in February 2026, awaiting concurrence from Local Government MEC for retrospective implementation.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 13.9%. The invoice for February 2026 will be processed during March 2026.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 23.3%. 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. Redirecting of funds to manage crises is severely and rapidly depleting the R&M budget, impeding on the funds required for day-to-day maintenance. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective whilst ensuring that tariff increases are inflationary related as prescribed by NT's annual MFMA Budget circulars. This is a

major impediment for the municipality to increase the R&M budget to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

R&M Expenditure per Directorate per Inventory type as at 28 February 2026 (Amounts in Rand)	Sum of Original Budget	Sum of Adjustment Budget	Sum of Monthly Actual	Sum of YTD Actual	Sum of % Spent Original	Sum of % Spent Adj budget	% Spent compared against ideal IYM % of 66.67%
≡ VOTE 1 - COUNCILLORS AND ADMIN	140,000	170,000	30,207	68,640	49.03%	40.38%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	70,000	82,000	20,707	39,840	56.91%	48.58%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	69,000	87,000	9,500	28,800	41.74%	33.10%	UNSATISFACTORY
≡ VOTE 2 - MUNICIPAL AND GENERAL	25,297,000	39,557,000	1,744,180	18,693,615	73.90%	47.26%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	755,000	755,000	-	88,473	11.72%	11.72%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	350,000	340,000	802	52,819	15.09%	15.53%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	24,192,000	38,452,000	1,743,378	18,548,610	76.67%	48.24%	UNSATISFACTORY
≡ VOTE 3 - MUNICIPAL MANAGER	157,000	157,000	2,352	53,468	34.06%	34.06%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	140,000	136,000	-	39,377	28.13%	28.95%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	17,000	21,000	2,352	14,091	82.89%	67.10%	SATISFACTORY
≡ VOTE 4 - CORPORATE SERVICES	2,304,000	2,604,000	90,484	846,532	36.74%	32.51%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	871,000	971,000	46,456	443,923	50.97%	45.72%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	51,000	302,000	15,929	192,193	376.85%	63.64%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	650,000	650,000	-	87,529	13.47%	13.47%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	732,000	681,000	28,100	122,887	16.79%	18.05%	UNSATISFACTORY
≡ VOTE 5 - COMMUNITY SERVICES	33,989,400	41,183,400	2,014,505	13,422,152	39.49%	32.59%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,021,000	1,173,500	171,575	515,719	50.51%	43.95%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	48,000	48,000	-	1,934	4.03%	4.03%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	217,000	282,000	44,760	226,442	104.35%	80.30%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,116,000	1,111,000	80,001	617,775	55.36%	55.61%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	9,204,000	9,111,000	328,469	3,457,455	37.56%	37.95%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	336,400	336,400	7,949	99,068	29.45%	29.45%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	22,047,000	29,121,500	1,381,750	8,503,758	38.57%	29.20%	UNSATISFACTORY
≡ VOTE 6 - FINANCIAL SERVICES	2,190,000	2,315,000	159,967	1,394,176	63.66%	60.22%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,226,000	1,398,000	87,643	842,924	68.75%	60.30%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	172,000	166,000	19,807	95,569	55.56%	57.57%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	180,000	127,000	-	32,232	17.91%	25.38%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	612,000	624,000	52,517	423,451	69.19%	67.86%	SATISFACTORY
≡ VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	11,968,000	12,528,000	305,164	2,602,438	21.74%	20.77%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	387,000	464,000	21,466	147,571	38.13%	31.80%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	65,000	65,000	2,851	23,472	36.11%	36.11%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	410,000	386,000	-	41,962	10.23%	10.87%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	14,000	14,000	-	-	0.00%	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	11,092,000	11,599,000	280,848	2,389,433	21.54%	20.60%	UNSATISFACTORY
≡ VOTE 8 - INFRASTRUCTURE SERVICES	255,806,914	264,960,914	3,460,098	137,384,011	53.71%	51.85%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	620,000	620,000	65,374	287,092	46.31%	46.31%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,171,000	33,171,000	2,561,403	17,659,121	76.21%	53.24%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,845,000	2,295,000	105,615	794,337	43.05%	34.61%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	10,040,000	9,932,000	460,364	4,587,870	45.70%	46.19%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	575,000	575,000	3,751	31,938	5.55%	5.55%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	146,553,914	164,611,914	9,144,252	82,667,154	56.41%	50.22%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	53,754,000	-8,880,957	31,356,500	42.95%	58.33%	UNSATISFACTORY
Grand Total	331,852,314	363,475,314	7,806,957	174,465,032	52.57%	48.00%	UNSATISFACTORY

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 28 February 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	Sum of % Spent Adj Budget	% Spent compared against ideal IYM % of 66.67%
2480 - REFUSE	20,450,000	20,450,000	1,045,402	8,033,535	39.28%	39.28%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	100,000	100,000	2,200	9,139	9.14%	9.14%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	150,000	150,000	7,087	37,951	25.30%	25.30%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,400,000	6,400,000	291,329	2,969,584	46.40%	46.40%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	2,772	2.77%	2.77%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	13,700,000	13,700,000	744,786	5,014,088	36.60%	36.60%	UNSATISFACTORY
2830 - ROADS	44,461,000	45,711,000	2,042,835	27,447,190	61.73%	60.05%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	68,000	68,000	9,134	31,342	46.09%	46.09%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	67,000	67,000	7,822	30,658	45.76%	45.76%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	44,326,000	45,576,000	2,025,880	27,385,190	61.78%	60.09%	UNSATISFACTORY
2840 - HOUSING	3,407,000	4,907,000	154,378	2,177,752	63.92%	44.38%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	121,000	121,000	10,136	54,962	45.42%	45.42%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	135,000	135,000	3,355	109,853	81.37%	81.37%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	140,000	140,000	8,655	81,699	58.36%	58.36%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,010,000	4,510,000	132,232	1,931,238	64.16%	42.82%	UNSATISFACTORY
2850 - SEWERAGE	27,165,000	39,415,000	1,911,368	18,843,453	69.37%	47.81%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	35,000	35,000	3,256	17,119	48.91%	48.91%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	170,000	-	111,780	65.75%	65.75%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	295,000	295,000	36,725	162,050	54.93%	54.93%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,900,000	2,900,000	162,046	1,521,095	52.45%	52.45%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	-	0.00%	0.00%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,665,000	35,915,000	1,709,340	17,031,409	71.97%	47.42%	UNSATISFACTORY
2860 - WATER	129,773,000	117,527,000	-2,728,593	66,211,045	51.02%	56.34%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	76,000	76,000	850	41,767	54.96%	54.96%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,001,000	33,001,000	2,561,403	17,547,341	76.29%	53.17%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	141,000	141,000	28,007	94,716	67.17%	67.17%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,500,000	2,500,000	81,153	929,735	37.19%	37.19%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	475,000	475,000	3,751	31,938	6.72%	6.72%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	30,580,000	27,580,000	3,476,904	16,209,049	53.01%	58.77%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	53,754,000	-8,880,661	31,356,500	42.95%	58.33%	UNSATISFACTORY
2880 - ELECTRICITY	53,268,000	59,268,000	3,331,777	23,082,131	43.33%	38.95%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	180,000	180,000	13,700	76,178	42.32%	42.32%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0.00%	0.00%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	87,000	87,000	6,035	35,238	40.50%	40.50%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	53,000,000	59,000,000	3,312,042	22,970,715	43.34%	38.93%	UNSATISFACTORY
Grand Total	278,524,000	287,278,000	5,757,166	145,795,107	52.35%	50.75%	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 an unsatisfactory variance of 109.3%. 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 R43,497 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The budget was corrected during the Adjustments budget.
- ❖ Expenditure on Contracted services is showing an unsatisfactory variance of minus 48.3%, as various line items is showing lower expenditure than anticipated.
- ❖ Transfers and subsidies showing negative variance of minus 52.9%. 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 a satisfactory variance of 3.3%.
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 R29,473 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 R10,011 million for predominantly annual SALGA membership fees. Monthly payments are being made to SALGA amounting to R1,241 million.

- ❖ Other Losses is showing an unsatisfactory variance of 14.7%. 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 January 2026 was processed on the system. A journal still needs to be processed for the actuals for February 2026.

Operating Expenditure by Type: Comparison against Adjustment Budget

Indicated in Table 4 above, is the YTD actual compared to the Adjustment Budget. The ideal In-Year-Monitoring percentage as at the end of February 2026 is 66.67%. The total operational expenditure against the Adjustment budget is 50.7% spent, resulting in an unsatisfactory variance of minus 16.0%.

- ❖ Employee related costs show a unsatisfactory variance of minus 15.3%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 6.5%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 9.3%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 18.7%. Same factors are applicable as explained above.
- ❖ Debt impairment is showing an unsatisfactory variance of minus 25.1%. Same factors are applicable as explained above.
- ❖ Depreciation shows an unsatisfactory variance of minus 66.7%. Same factors are applicable as explained above.
- ❖ Interest is showing an unsatisfactory variance of minus 13.1%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is unsatisfactory at minus 34.4%, when compared to the Adjustment budget. The YTD expenditure is lower than anticipated.
- ❖ Transfers and subsidies show an unsatisfactory variance of minus 36.0%. Same factors are applicable as explained above.
- ❖ Operational cost is showing a satisfactory variance of minus 2.9%. Same factors are applicable as explained above.
- ❖ Other Losses is showing an unsatisfactory variance of minus 8.3%. Same factors are applicable as explained above.

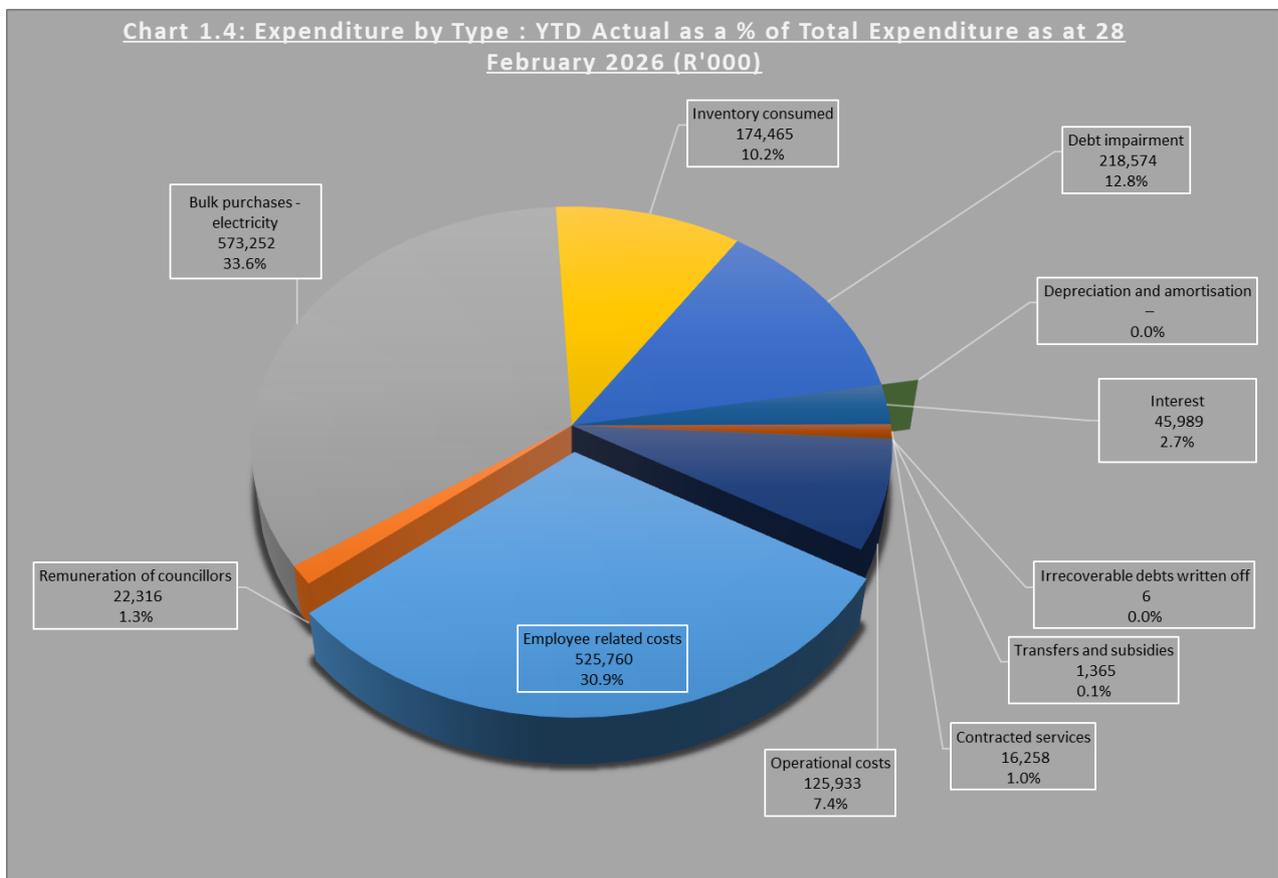


Chart 1.4: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

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 28 February 2026. The main cost drivers of the municipality are Employee Related Costs (30.9%), Bulk Purchases – Electricity (33.6%), Debt Impairment (12.8%) and Inventory consumed (10.2%).

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. The integration error from Payday to Solar was effected during March 2026.
- ❖ 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 February 2026 will be captured during March 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 66.67% as at end of February 2026, Bulk Purchases Electricity is showing a satisfactory variance of minus 9.34%. The bulk invoice for February 2026 will be processed during March 2026.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 66.67%
BULK PURCHASES: ELECTRICITY	1,000,000,000	39,593,320	573,252,214	57.33%	-9.34%
Total	1,000,000,000	39,593,320	573,252,214	57.33%	-9.34%

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 8.33%, when compared to the ideal percentage of 66.67%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases Water was split between Water Inventory and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal for the actuals, for January 2026 was processed on the system. A journal for the actuals for February 2026 must still be processed on the system.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 66.67%
INVENTORY - WATER	53,754,000	-8,880,661	31,356,500	58.33%	-8.33%
NON-REVENUE WATER LOSSES	104,346,000	22,836,115	60,868,500	58.33%	-8.33%
Total	158,100,000	13,955,455	92,225,000	58.3%	-8.3%

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
2021/22	275,682	-		(248,128)	275,682	275,682	-
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	-
2022/23	389,602	103,242	(37,482)		248,878	248,878	-
Dec-22	48,088	-			48,088	48,088	-
Jan-23	59,491	-			59,491	59,491	-
Feb-23	56,821	-	(9,504)		47,317	47,317	-
Apr-23	45,106	-	(7,923)		37,183	37,183	-
May-23	65,831	-	(9,033)		56,798	56,798	-
Jun-23	114,264	103,242	(11,022)		-	-	-
2023/24	975,208	819,809	(69,632)		85,767	85,767	-
Jul-23	131,032	110,162	(8,736)		12,134	12,134	-
Aug-23	123,594	70,000	(10,784)		42,810	42,810	-
Sept-23	71,421	30,000	(10,598)		30,823	30,823	-
Oct-23	76,317	62,679	(13,638)		-	-	-
Nov-23	70,580	62,348	(8,232)		0	0	-
Dec-23	64,311	61,246	(3,065)		-	-	-
Jan-24	65,735	63,044	(2,691)		-	-	-
Feb-24	64,371	62,479	(1,893)		-	-	-
Mar-24	66,311	62,973	(3,338)		-	-	-
Apr-24	61,436	59,697	(1,739)		-	-	-
May-24	66,327	63,149	(3,178)		-	-	-
Jun-24	113,772	112,033	(1,739)		-	-	-
2024/25	1,055,591	878,647	-		176,944	176,944	19,389
Jul-24	148,333	148,333	-		-	-	274
Aug-24	127,601	127,601	-		-	-	155
Sept-24	71,087	71,087	-		-	-	1,749
Oct-24	73,508	73,508	-		-	-	2,766
Nov-24	69,974	25,000	-		44,974	44,974	2,160
Dec-24	71,859	71,859	-		-	-	1,730
Jan-25	75,732	75,732	-		-	-	1,879
Feb-25	68,070	68,070	-		-	-	1,066
Mar-25	72,107	72,107	-		-	-	1,733
Apr-25	68,058	68,058	-		-	-	1,809
May-25	77,292	77,292	-		-	-	2,094
Jun-25	131,970	-	-		131,970	131,970	1,975
2025/26	777,236	462,001	-		315,235	233,868	43,497
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
Feb-26	81,367	-	-		81,367	-	5,763
Grand Total ESKOM	3,473,319	2,263,699	(107,114)	(248,128)	1,102,506	1,021,139	62,887

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R1,102,506 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 R43,497 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The budget on Interest on overdue accounts was corrected during the Adjustments budget.

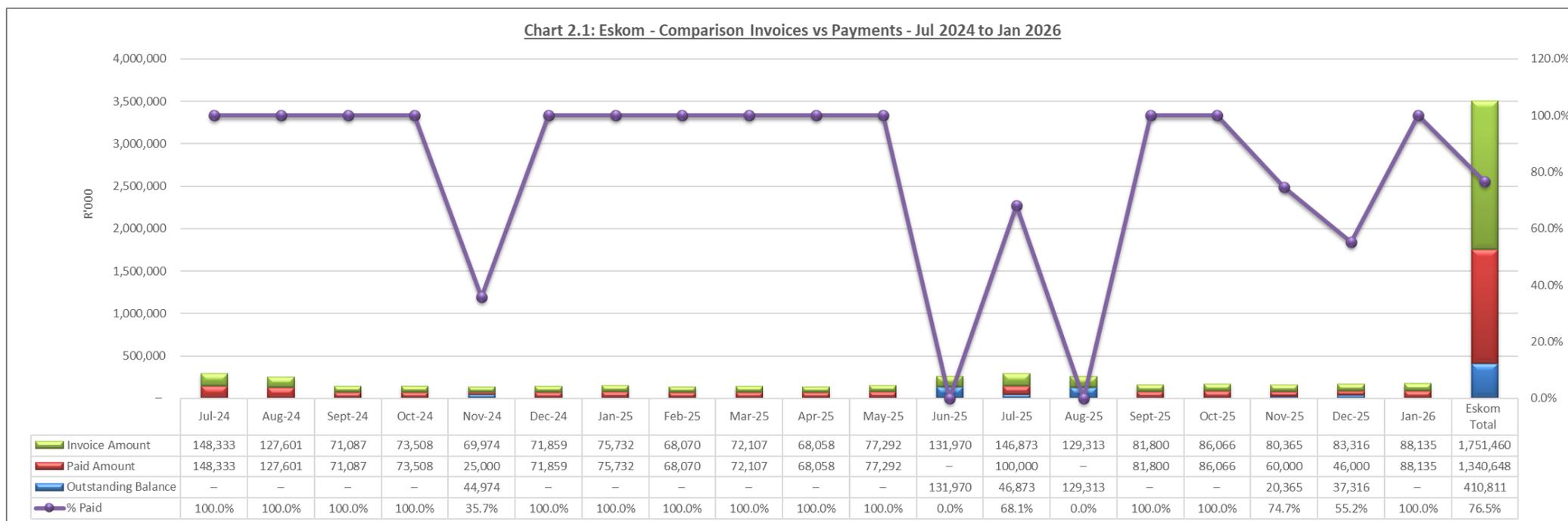


Chart 2.1: Eskom - Comparison Invoices vs Payments

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 February 2026 is excluded because it is not yet due and payable. It will also distort the percentage paid. The YTD actual until January 2026 show that 76.5% of invoices were settled, based on invoices raised of R1,751,460 billion versus payments of R1,340,648 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 January 2026 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
2021/22	126,431	88,873	37,558	37,558
INTEREST (APR-JUN)	6,191	–	6,191	6,191
Aug-21	15,075	15,075	–	–
Sept-21	15,795	15,795	–	–
Oct-21	15,275	15,275	–	–
Nov-21	14,523	14,523	–	–
Dec-21	11,108	11,108	–	–
Jan-22	17,098	17,098	–	–
Feb-22	16,437	–	16,437	16,437
Mar-22	14,930	–	14,930	14,930
2023/24	150,526	150,526	–	–
Jul-23	15,303	15,303	–	–
Aug-23	13,588	13,588	–	–
Sept-23	18,332	18,332	–	–
Oct-23	17,633	17,633	–	–
Nov-23	17,070	17,070	–	–
Dec-23	13,333	13,333	–	–
Jan-24	13,333	13,333	–	–
Feb-24	36,046	36,046	–	–
Mar-24	5,194	5,194	–	–
Jun-24	694	694	–	–
2024/25	162,756	88,492	74,264	74,264
Jul-24	17,724	17,724	–	–
Aug-24	16,698	16,698	–	–
Sept-24	18,973	18,973	–	–
Oct-24	17,504	–	17,504	17,504
Nov-24	17,504	–	17,504	17,504
Dec-24	15,681	–	15,681	15,681
Jan-25	20,396	–	20,396	20,396
Feb-25	18,328	18,328	(0)	(0)
Mar-25	16,769	16,769	(0)	(0)
Jun-25	3,179	–	3,179	3,179
2025/26	162,719	20,043	142,676	120,936
Jul-25	21,434	–	21,434	21,434
Aug-25	14,866	–	14,866	14,866
Sept-25	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	30,103
Feb-26	21,740	–	21,740	–
Grand Total	602,432	347,934	254,499	232,759

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 R254,499 million. The total debt must be concurred with the Department. The total arrear debt amounts to R232,759 million which pertains to outstanding invoices for 2021/22 (R37,558m); 2024/25 (74,264m) and 2025/26 (R120,936m). 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, October, November and December 2025 and January 2026 accounts.

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, October, November and December 2025 and January 2026 invoices. The February, March and September 2025 accounts were settled in full. The municipality incurred accumulative arrear debt for the prior and current year of R232 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 should 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.

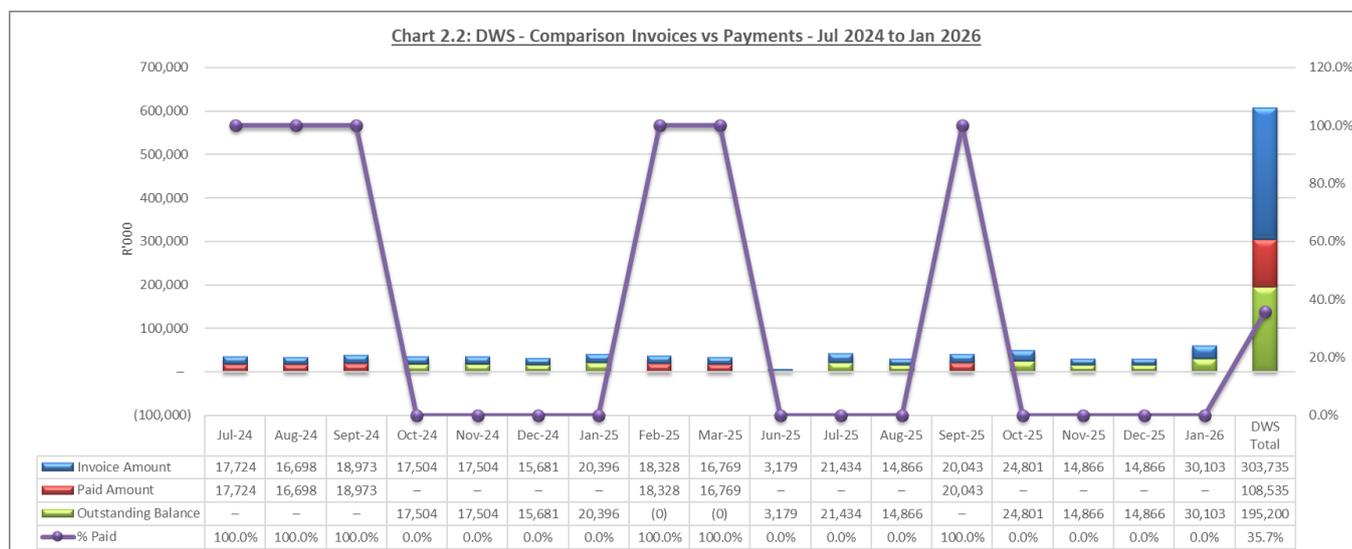


Chart 2.2: DWS - Comparison Invoices vs Payments

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 January 2026. The current account for February 2026 is excluded because it is not yet due and payable. The YTD actual until January 2026 show that 35.7% of invoices were settled, based on invoices raised of R303,735 million versus payments of R108,535 million. Invoices for July to September 2024, February, March and September 2025 were settled in full, whilst the invoices for October 2024 to January 2025, June, July, August, October, November and December 2025 and January 2026 remain unpaid. The total arrear outstanding balance for the period July 2024 to January 2026 amounts to R195,200 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 28 February 2026.

DWS – During the month under review, the municipality made a payment of R20,043 million. The invoice payments for 2023/24 amount to R198,561 million, whilst payments for 2024/25 amount to R112,560 million. The payments for 2025/26 amounts to R36,812 million. The total payments amount to R347,934 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, October, November and December 2025 and January 2026 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 R88,135 million on the January 2026 account which was settled in full. 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 amount to R594,831 million, resulting in the total payments for the three periods amounting to R2,263,699 billion. The high months remains a major concern.

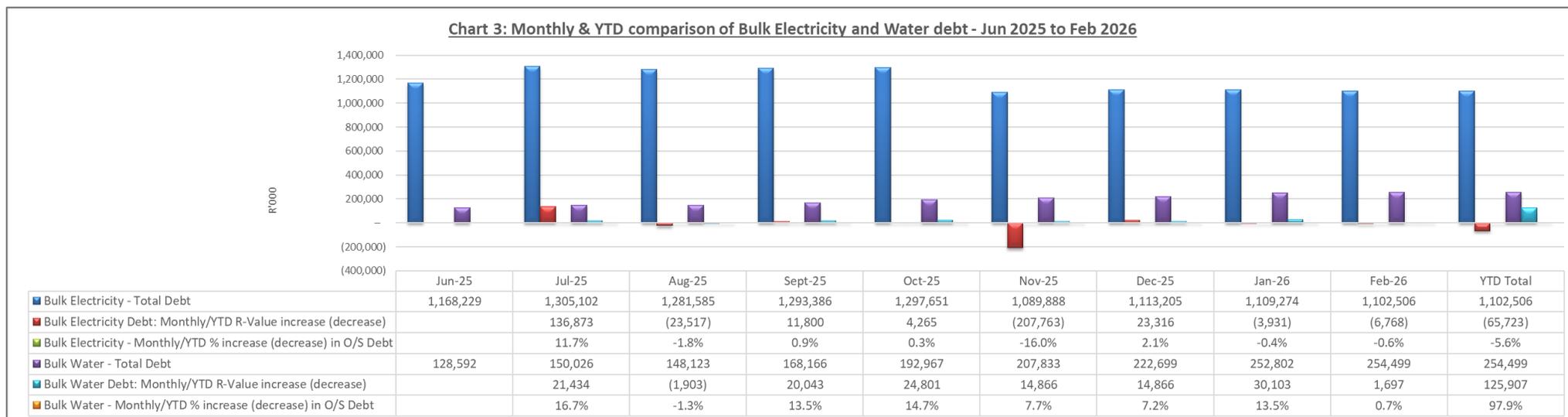


Chart 3: Monthly & YTD comparison – Bulk Electricity & Water debt

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

ESKOM - From January 2026 to February 2026, debt owed to ESKOM decreased by R6,768 million or 0.6%, from R1,109,274 billion to R1,102,506 billion. When comparing the total outstanding debt to June 2025, the outstanding debt decreased by R65,723 million or 5.6%, from R1,168,229 billion to R1,102,506 billion. It should be noted that the debt write off for the first cycle is taken into account.

DWS - From January 2026 to February 2026, debt owed to DWS increased by R1,697 million or 0.7% from R252,802 million to R254,499 million. When comparing the total outstanding debt to June 2025, the outstanding debt increased by R125,907 million or 97.9% from R128,592 million to R254,499 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, February, March, June, July, August, September, October, November and December 2025 and January 2026 accounts. The February, March and September 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
TOTAL					R 49,162,000.00		R 113,900,000.00		R 113,900,000.00

Table 6.4: Reconciliation Eskom Payment Arrangement

Debt agreement (Instalment R5,957,537.18)	Invoice amount	Arrear Debt	10 % Down Payment	Amount paid	Balance O/S on Debt Agreement
INTEREST CHARGES - APR TO JUN 2022	R 6,191,399.16	R 6,191,399.16			R 6,191,399.16
AUG 2021 BULK ACCOUNT	R 15,074,754.70	R 15,074,754.70		R 15,074,754.70	-
SEP 2021 BULK ACCOUNT	R 15,794,682.80	R 15,794,682.80		R 15,794,682.80	-
OCT 2021 BULK ACCOUNT	R 15,275,086.61	R 15,275,086.61		R 15,275,086.61	-
NOV 2021 BULK ACCOUNT	R 14,522,530.48	R 14,522,530.48		R 14,522,530.48	-
DEC 2021 BULK ACCOUNT	R 11,107,773.22	R 11,107,773.22		R 11,107,773.22	-
JAN 2022 BULK ACCOUNT	R 17,098,078.18	R 17,098,078.18		R 17,098,078.18	-
FEB 2022 BULK ACCOUNT	R 16,436,776.66	R 16,436,776.66		R -	R 16,436,776.66
MAR 2022 BULK ACCOUNT	R 14,930,212.48	R 14,930,212.48		R -	R 14,930,212.48
JUL 2022 BULK ACCOUNT	R 13,793,141.72	R 13,793,141.72		R 13,793,141.72	-
AUG 2022 BULK ACCOUNT	R 17,460,136.80	R 17,460,136.80		R 17,460,136.80	-
SEP 2022 BULK ACCOUNT	R 16,309,287.82		16,309,287.82	R 16,309,287.82	-
WRM LEVIES SEP 2022	R 82,471.24		82,471.24	R 82,471.24	-
Total Debt as per SPM	R 174,076,331.87	R 157,684,572.81	R 16,391,759.06	R 136,517,943.57	R 37,558,388.30
INTEREST CHARGES - APR TO JUN 2022	-R 6,191,399.16				-R 6,191,399.16
INTEREST PAID	-R 8,512,281.30				-R 8,512,281.30
TOTAL INTEREST CHARGES	-R 14,703,680.46				-R 14,703,680.46
NET OUTSTANDING	R 159,372,651.41			R 136,517,943.57	R 22,854,707.84

Table 6.5: Reconciliation DWS Debt Agreement

As articulated in adjacent Table 6.4, the total amount that was subject to the payment arrangement was R163,062 million for the debt that accrued after March 2023. To date the municipality settled an amount of R49,162 million on the payment arrangement, resulting in the total current balance outstanding of R113,900 million. The municipality is in arrears with repayment instalments amounting to R113,900,000 million.

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

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - M08 February										
Capital expenditure	Adjustment Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Adjustment Budget	Adjustment Budget Variance	Adjustment Budget Variance IYM % - 66.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	632,781	15,084	327,785	419,311	78.17%	(91,526)	-21.8%	51.8%	(94,070)	-14.9%
Funded by										
Capital transfers recognised	595,392	15,084	322,836	396,711	81.38%	(73,875)	-18.6%	54.2%	(74,092)	-12.4%
Internally generated funds	37,389	-	4,949	22,600	21.9%	(17,651)	-78.1%	13.2%	(19,977)	-53.4%
Weighting Capital transfer recognised	94.1%	100.0%	98.5%	94.6%						
Weighting Internally generated funds	5.9%	0.0%	1.5%	5.4%						

Table 7: High level summary: Capital Expenditure

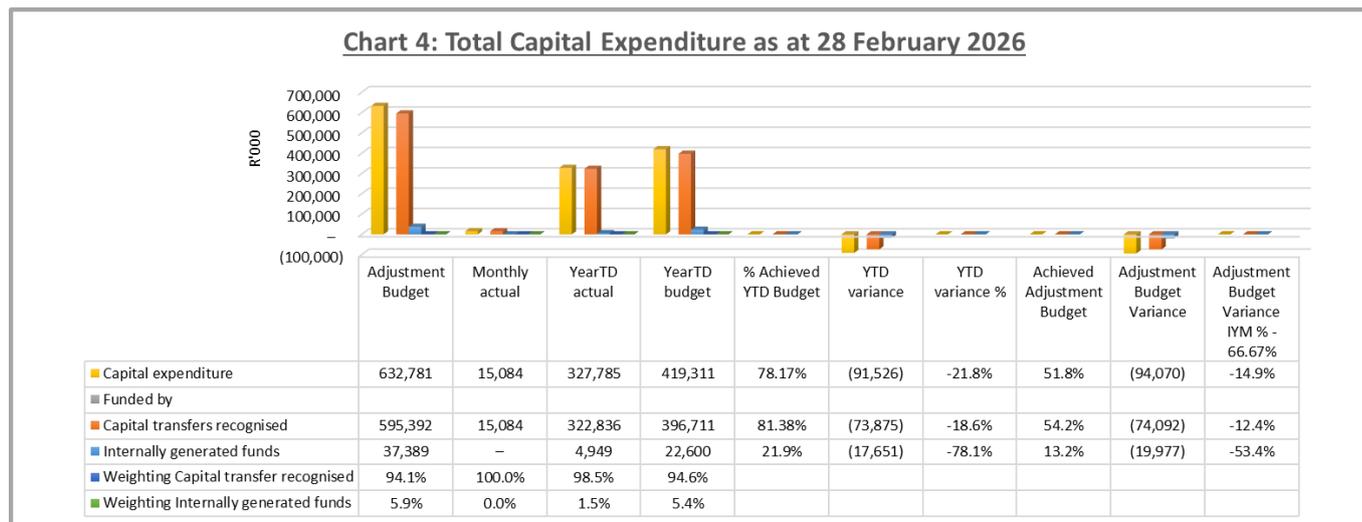


Chart 4: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of February 2026 amounted to R327,785 million and 78.17% spent when compared to the YTD budget of R419,311 million and 51.8% spent when compared to the Adjustment Budget of R632,781 million. The total YTD capex is funded from Capital grants R322,836 million (98.5%) and Internally generated funds R4,949 million (1.5%). 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

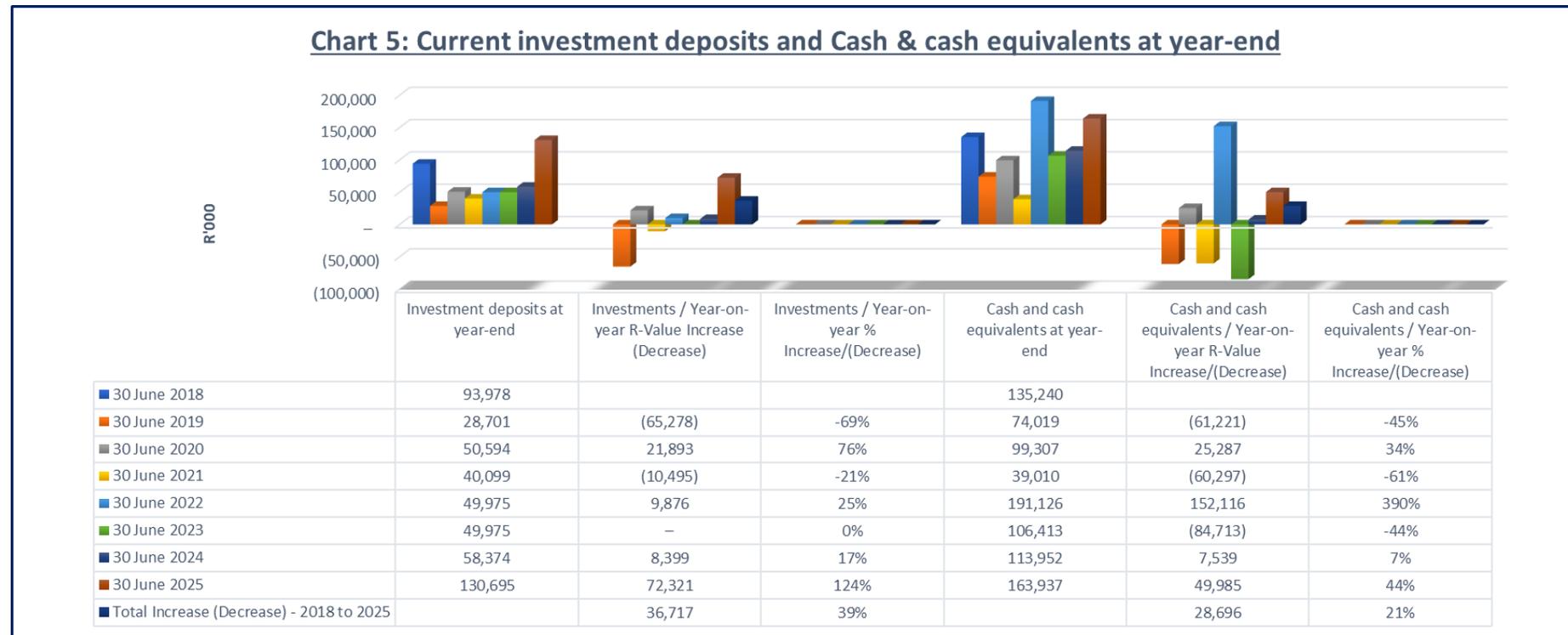


Chart 5: Call investment deposits and Cash & cash equivalents at year-end

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.

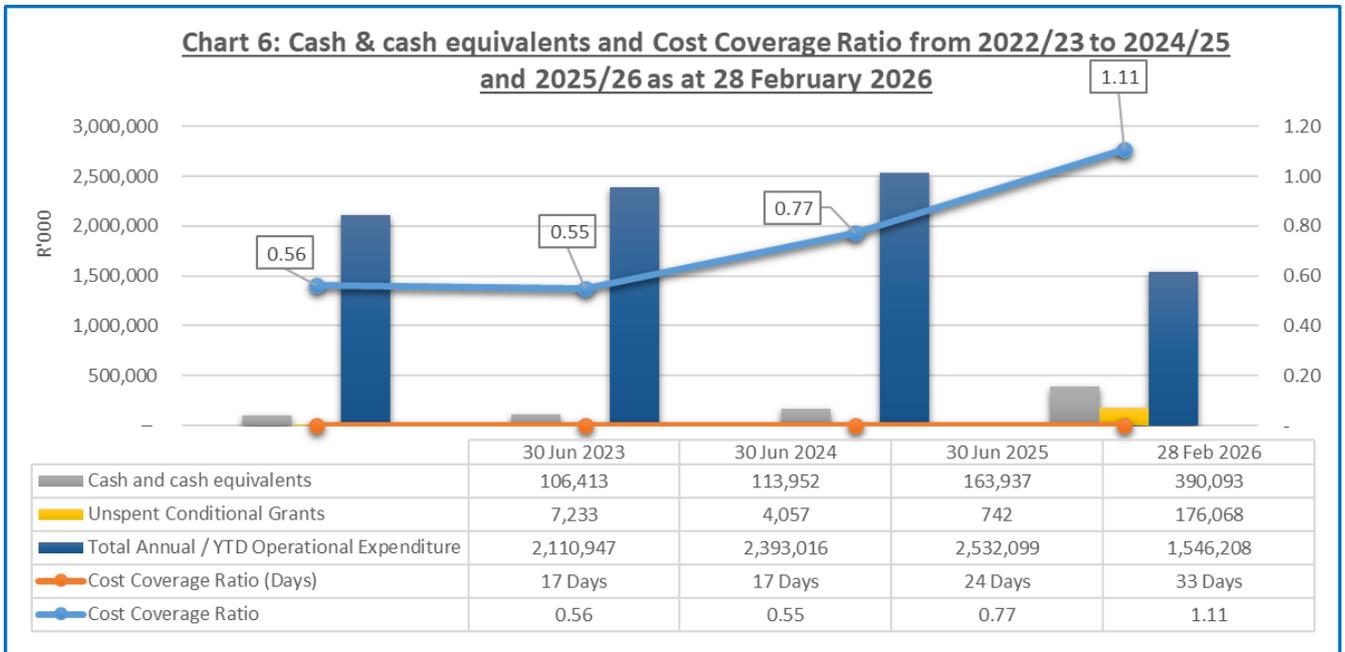


Chart 6: Cash & cash equivalents and Cost coverage ratio

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 28 February 2026 is calculated at (1.11; 33 days; R390,093m). Unspent conditional grants amounted to R176,068 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	%
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	38,274	4.1%	32,516	3.5%	22,487	2.4%	834,946	90.0%	928,223	20.3%
Trade and Other Receivables from Exchange Transactions - Electricity	57,140	17.5%	17,588	5.4%	13,354	4.1%	238,217	73.0%	326,299	7.1%
Receivables from Non-exchange Transactions - Property Rates	48,302	5.0%	21,846	2.3%	19,136	2.0%	868,172	90.7%	957,455	20.9%
Receivables from Exchange Transactions - Waste Water Management	10,031	3.0%	7,536	2.2%	7,032	2.1%	313,087	92.7%	337,687	7.4%
Receivables from Exchange Transactions - Waste Management	8,239	3.2%	5,850	2.2%	5,318	2.0%	240,615	92.5%	260,022	5.7%
Receivables from Exchange Transactions - Property Rental Debtors	947	.9%	932	.9%	927	.9%	105,985	97.4%	108,791	2.4%
Interest on Arrear Debtor Accounts	20,873	1.7%	20,541	1.7%	20,019	1.6%	1,156,394	95.0%	1,217,827	26.6%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
Other	7,373	1.7%	7,066	1.6%	5,466	1.2%	424,593	95.5%	444,499	9.7%
Total By Income Source	191,179	4.2%	113,876	2.5%	93,739	2.0%	4,182,009	91.3%	4,580,803	100.0%
Debtors Age Analysis By Customer Group										
Organs of State	28,142	3.6%	22,687	2.9%	15,551	2.0%	720,582	91.6%	786,962	17.2%
Commercial	68,164	9.4%	20,241	2.8%	17,908	2.5%	616,618	85.3%	722,931	15.8%
Households	91,923	3.1%	68,641	2.3%	57,927	2.0%	2,707,598	92.5%	2,926,088	63.9%
Other	2,950	2.0%	2,307	1.6%	2,352	1.6%	137,212	94.7%	144,822	3.2%
Total By Customer Group	191,179	4.2%	113,876	2.5%	93,739	2.0%	4,182,009	91.3%	4,580,803	100.0%

Table 8: Part 4: Debtors Age Analysis

Indicated in Table 8 above is the total outstanding debt by Income Source, including the debt over 90 days, the percentage of total Debt over 90 days and percentage weighting. The total O/S Debt amounts to R4,580,803 billion as at the end of February 2026 and the bulk of SPM's debt is aged over 90 days with an overall weighting of 91.3%.

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

- ❖ Interest on Arrear Debtor Accounts at 95.0% and Other at 95.5%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 97.4%
- ❖ Receivables from Exchange Transactions – Property Rates (90.7%); Waste Water Management (92.7%) 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 20.9%
- ❖ Interest on Arrear Debtor Accounts 26.6%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 20.3%

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:

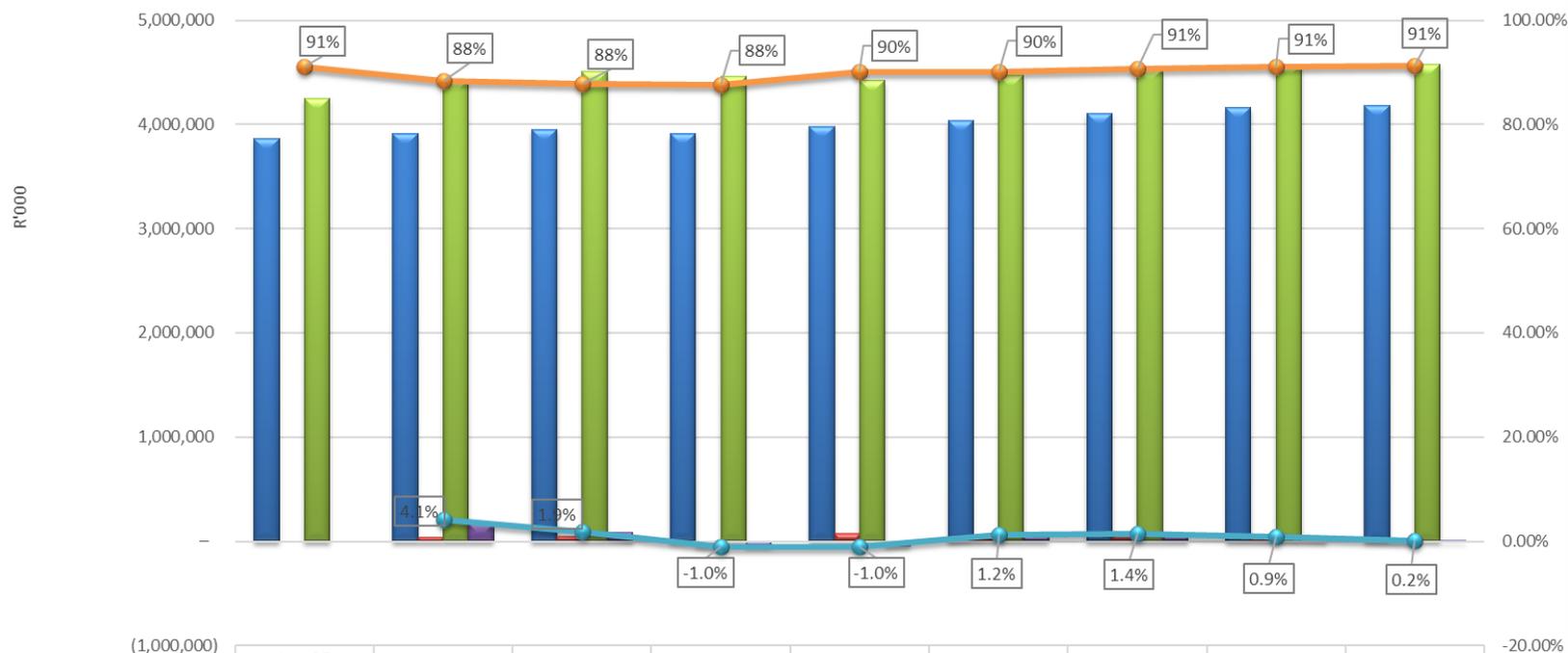
- ❖ Organs of State at 91.6%; Commercial at 85.3%; Households at 92.5% and Other at 94.7%.

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

- ❖ Organs of state at 17.2%, total debt outstanding is R786,962 million
- ❖ Businesses at 15.8%, total debt outstanding is R722,931 million
- ❖ Households at 63.9%, total debt outstanding is R2,926,088 billion
- ❖ Other at 3.2%, total debt outstanding is R144,822 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 R21.690 million in respect of the month-to-month comparison. The month-to-month increase, on total debt amounted to R8,104 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 % of total O/S Debt: Jun 2025 - Feb 2026



	Jun-25 (preliminary)	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Debt over 90 days (R'000)	3,866,849	3,909,328	3,953,683	3,907,819	3,982,276	4,032,608	4,108,536	4,160,319	4,182,009
Month-to-Month R-value Increase (Decrease) of Debt over 90 days		42,479	44,356	(45,865)	74,458	50,332	75,929	51,783	21,690
Total Debt (R'000)	4,250,087	4,423,908	4,509,031	4,462,217	4,418,613	4,471,660	4,532,290	4,572,699	4,580,803
Month-to-Month R-value Increase (Decrease) of Total debt		173,821	85,123	(46,814)	(43,604)	53,046	60,631	40,409	8,104
Month-to-Month % Increase (Decrease) on Total Debt		4.1%	1.9%	-1.0%	-1.0%	1.2%	1.4%	0.9%	0.2%
% Weighting of Debt over 90 days	91%	88%	88%	88%	90%	90%	91%	91%	91%

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 February 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.

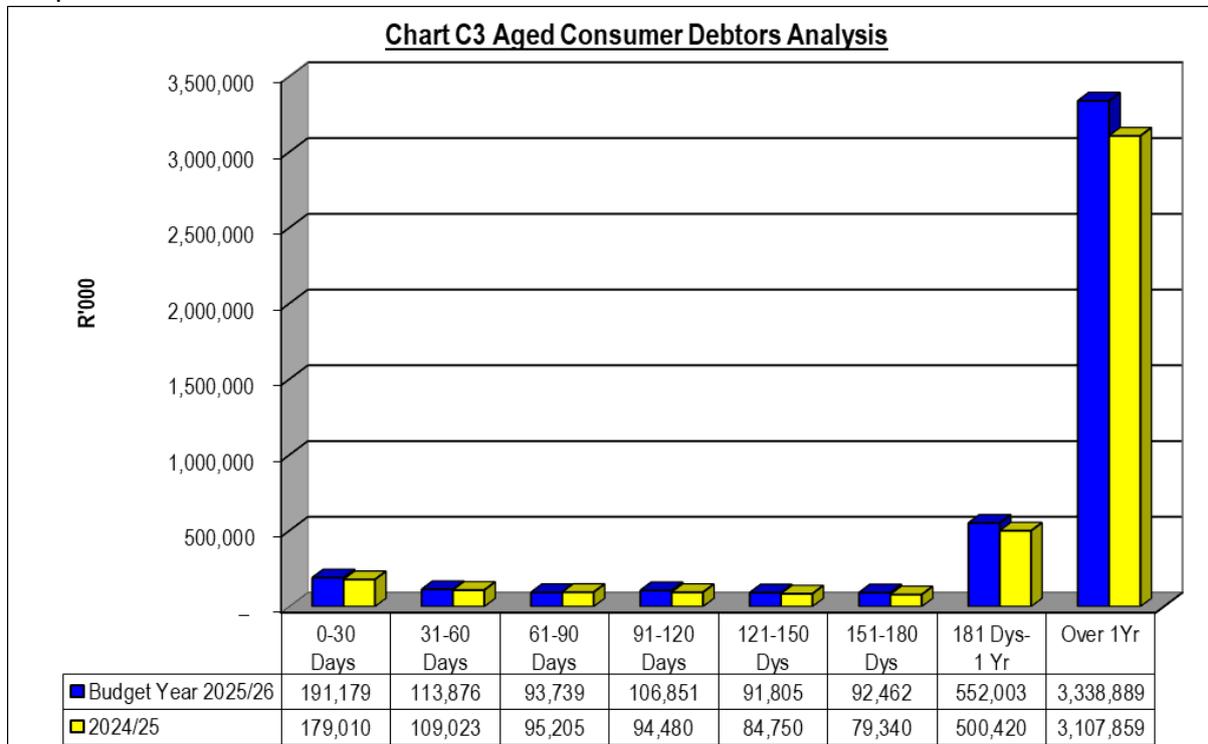


Chart 8: Aged Consumer Debtor Analysis

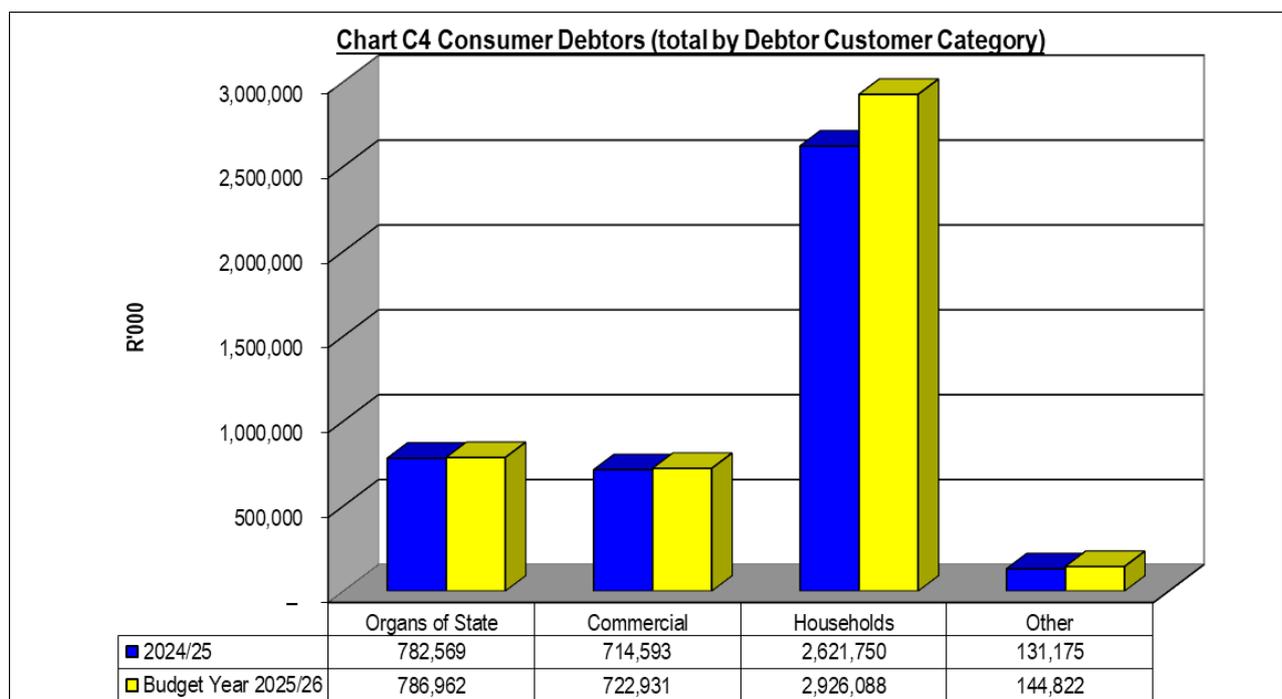


Chart 9: Consumer Debtors (total by Debtor Customer Category)

Revised collection rate

As per Table 9 below, when taking into consideration what was billed in January 2026 and received in February 2026, the monthly collection rate is 76%, for Property Rates and Service charges only. When including Other billing and receipts, the monthly collection rate is 73%. It should be noted that receipts are aligned to the billing cycle which is normally from the 26th of the prior month to the 25th of the current month. The monthly collection rate is not satisfactory for the month under review. Unallocated receipts amounted to R92,997 million and will be allocated during March 2026. The majority of receipts were from Provincial Public Works (R38m) and National Public Works (R30m). Indicated in Table 10 below is the revised average collection rate of 83.4%, for Property rates and Service charges only. The lower collection rate is not a desired level 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 February to 28 February 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.

Monthly Collection Rate	Debits (Billed January 2026)	Credits (Received February 2026)	% Collected
PROPERTY RATES	53,221,396	38,857,931	73%
ELECTRICITY	47,495,930	58,990,808	124%
WATER	38,950,148	15,625,739	40%
SEWERAGE	10,575,884	4,120,095	39%
REFUSE	8,443,187	3,728,075	44%
PROPERTY RATES & SERVICES	158,686,544	121,322,647	76%
OTHER	26,360,593	13,038,282	49%
TOTAL	185,047,137	134,360,929	73%

Table 9: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL FEBRUARY 2026		YTD RECEIPTS	Rate
PROPERTY RATES	R	535,933,518	R 382,373,911	71.3%
SERVICE CHARGE ELECTRICITY	R	420,582,078	R 404,433,602	96.2%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	249,740,958	R 249,740,958	100.0%
SERVICE CHARGE WATER	R	228,060,173	R 119,600,487	52.4%
SERVICE CHARGE SANITATION	R	78,247,521	R 35,563,901	45.5%
SERVICE CHARGE REFUSE	R	59,312,803	R 30,928,498	52.1%
SERVICE CHARGES NON-EXCHANGE	R	7,768,042	R 1,764,999	22.7%
UNALLOCATED CREDITS			R 92,996,615	
REVISED AVERAGE COLLECTION RATE - FEBRUARY 2026	R	1,579,645,093	R 1,317,402,971	83.4%

Table 10: Revised Average collection rate

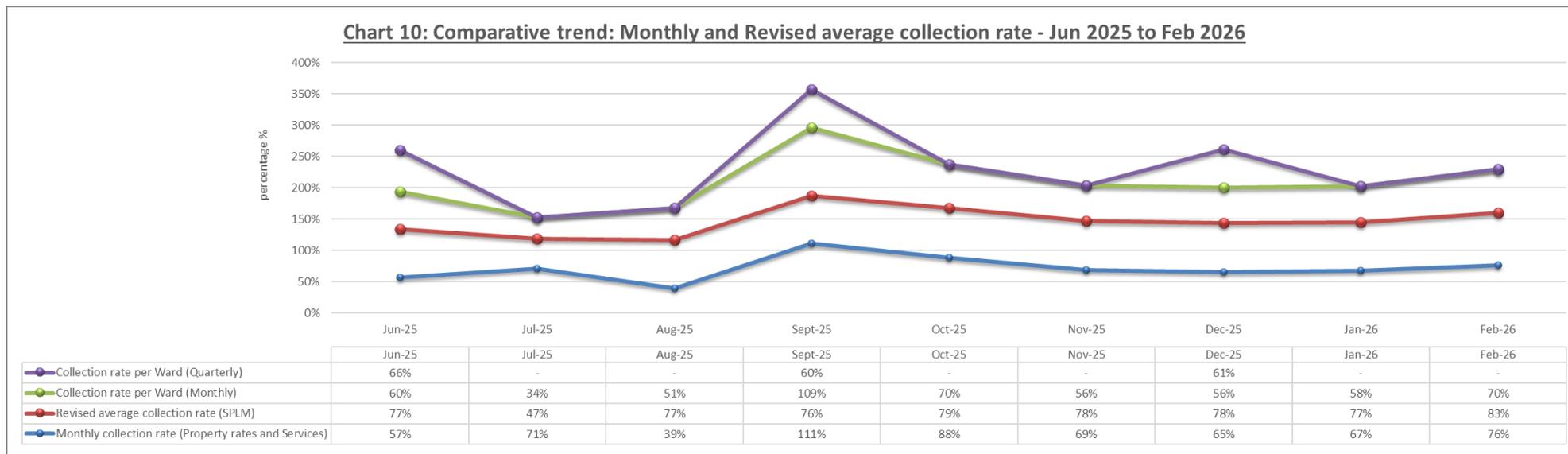


Chart 10: Comparative trend: Monthly and Revised average collection rate

Indicated in Chart 10 above, is the comparative trend between the monthly and average collection rate from June 2025 to February 2026. The monthly collection rate (Property rates & Services) for February 2025 is not satisfactory at 76%. The revised average collection for February 2026 which includes Prepaid sales and unallocated credits is 83%, 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 26th of the previous month to 25th of the current month. The monthly collection rate also excludes Prepaid electricity sales and Other billing. It should be noted the 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 70% 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 R92,997 million was unallocated at month-end.

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

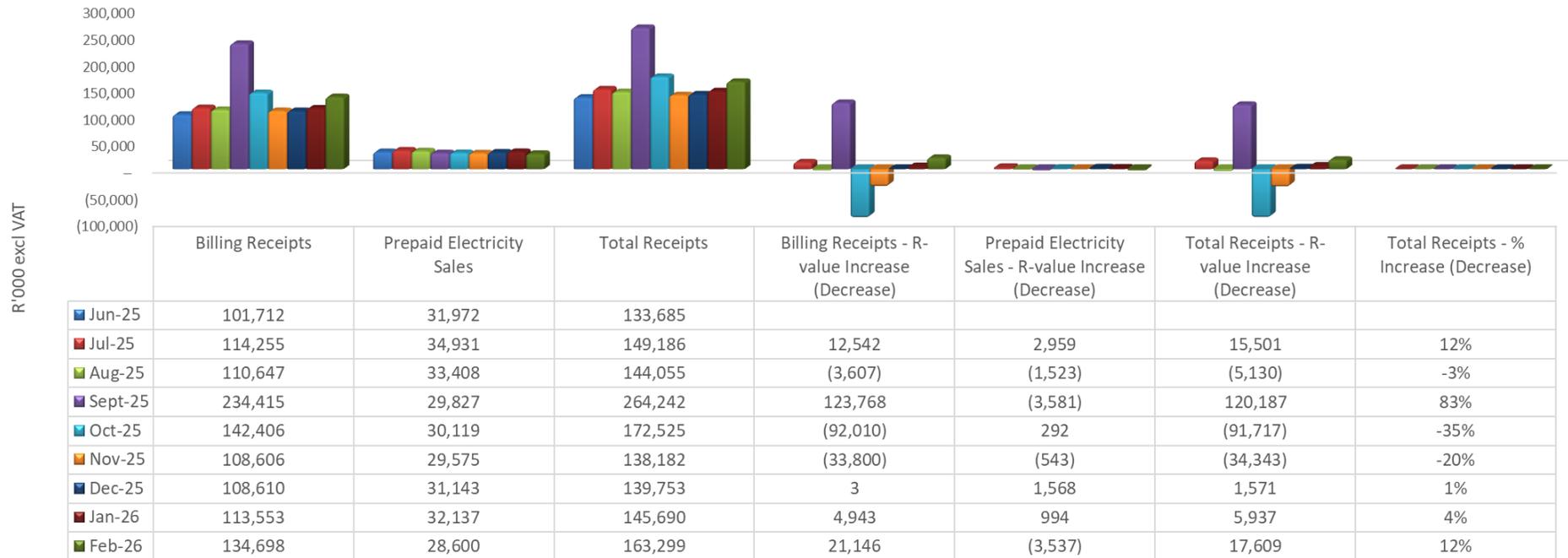


Chart 11: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 11 above, the Total Receipts for February 2026 amounted to R163,299 million which resulted in an increase of R17,609 million (12%) in respect of the month-to-month comparison. Billing receipts increased by R21,146 million, whilst Prepaid Electricity Sales decreased by R3,537 million. The deteriorating situation for the past few months/years does not bode well for the municipality’s cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R92,997 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.

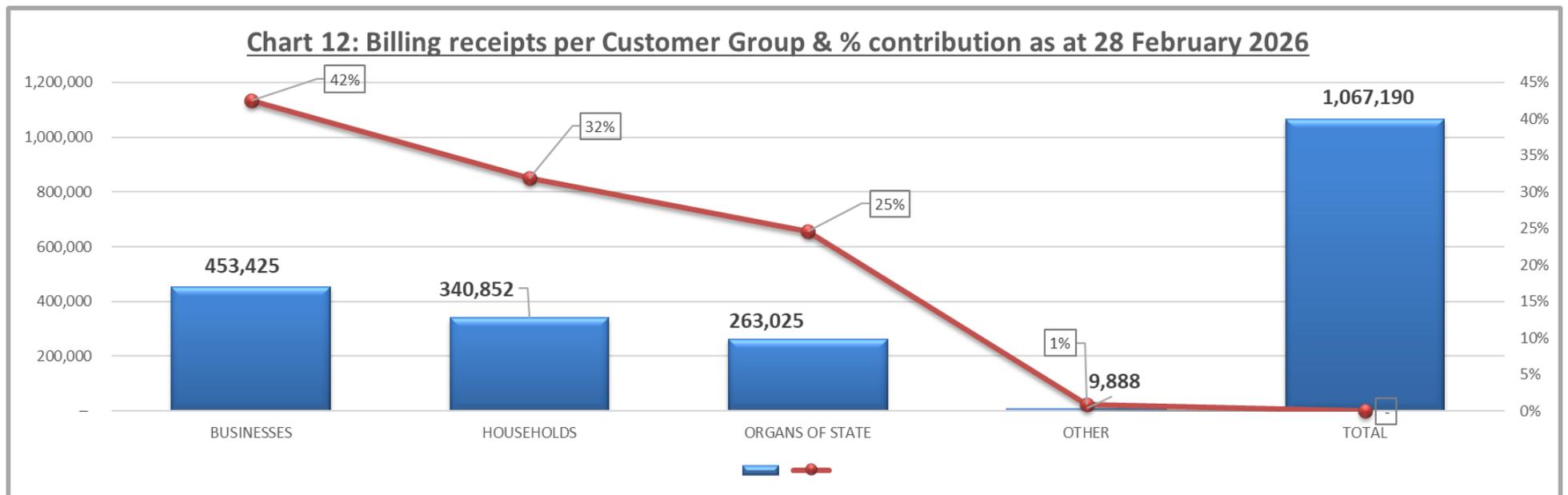


Chart 12: Billing receipts per Customer Group

Indicated in Chart 12 above, is the billing receipts and percentage contribution per major Customer group as at 28 February 2026 which amounts to R1,067,190 billion. The municipality received R453,425 million (42%) from Businesses, Households R340,852 million (32%), Organs of State R263,025 million (25%) and Other R9,888 million (1%).

7. Creditors' Analysis

Part 5: Creditor Age Analysis										
R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditor Age Analysis										
Bulk Electricity	81,367	7.4%	-	-	37,316	3.4%	983,822	89.2%	1,102,506	77.1%
Bulk Water	21,740	8.5%	30,103	11.8%	14,866	5.8%	187,790	73.8%	254,499	17.8%
PAYE deductions	12,016	100.0%	-	-	-	-	-	-	12,016	8%
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	8,493	100.0%	-	-	-	-	-	-	8,493	6%
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	13,765	93.6%	935	6.4%	-	-	13	.1%	14,712	1.0%
Auditor-General	21	100.0%	-	-	-	-	-	-	21	-
Other	12,848	44.6%	953	3.3%	1	-	15,025	52.1%	28,826	2.0%
Medical Aid deductions	8,749	100.0%	-	-	-	-	-	-	8,749	6%
Total	158,999	11.1%	31,990	2.2%	52,183	3.6%	1,186,649	83.0%	1,429,822	100.0%

Table 11: Part 5: Creditors Age Analysis

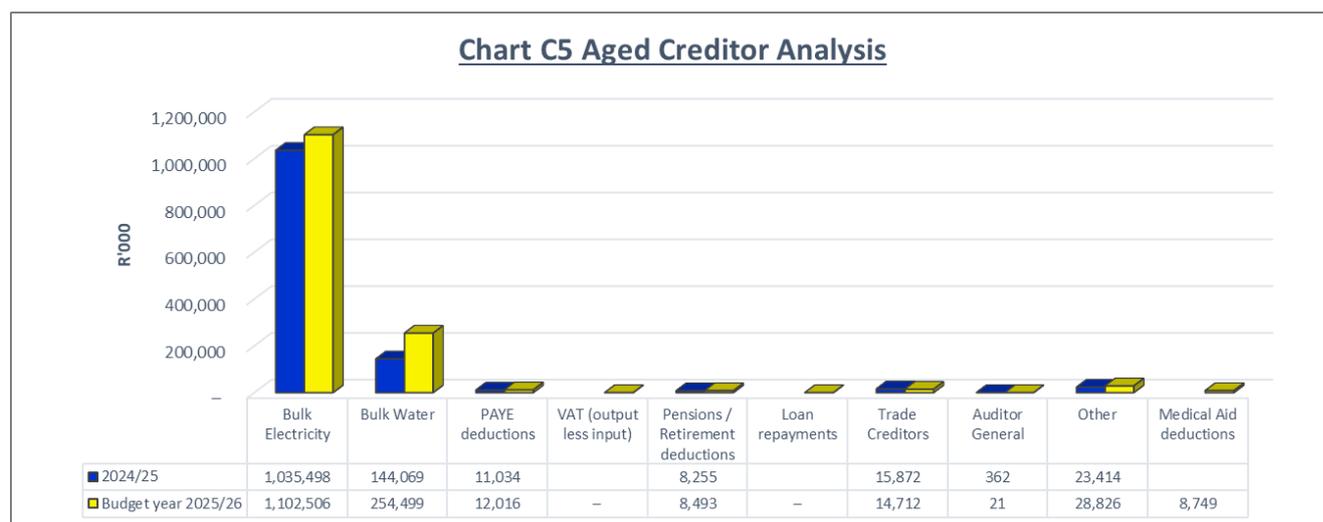


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2024/25 in Chart 13 is based on the outstanding creditors as at end of February 2025 (prior year totals for the same period). Articulated in Table 11 above, is the age creditors analysis, which is standing at R1,429,822 billion owed to creditors. The analysis shows that 11.1% of creditors is owed between 0 to 30 days, whilst 83.0% of creditors is owed over 90 days. Bulk Electricity is the largest creditor at 77.1%, followed by Bulk Water at 17.8%.

Bulk Electricity – As at the 28 February 2026, the outstanding debt owed to ESKOM amounted to R1,102,506 billion.

Bulk Water – As at the 28 February 2026, the outstanding debt owed to DWS amounted R254,499 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 paid an amount of R3,144 million to SARS.

PAYE and Pension statutory deductions are paid over monthly to the relevant institutions on or before 7 March 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 R21 thousand.

Other creditors – includes Sundry creditors which were unpaid as at 28 February 2026.

Medical Aid deductions – medical aid contributions to the amount of R8,749 million was settled on or before 7 March 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 28 February 2026, the value of total investments made was R357,056 million. Partially or prematurely withdrawn investments amounted to R41,421 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.	21,443
• 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.	7,792
• Unspent Capital grant receipts that was invested for the current year.	176,068
• Own funds invested - • Committed funds invested including retentions	151,753
Total	357,056

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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 ^a	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
Standard Bank 048466271-089		6 months	Call a/c	No	Variable	6.9	0			-	-	-	-	-
Standard Bank 04 846 6271- 090		48 hours	Notice	No	Fixed	8.85%	0	n/a		-	-	-	-	-
Standard Bank - 04 846 6271-092		6 months	Notice	No	Fixed	892.00%	0	n/a		189,321	966	(15,956)	-	174,321
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	9.71%	0		2023/06/28	7,739	53	-	-	7,792
Standard Bank - 04 846 6271-091		Monthly	Notice	No	Fixed	890.00%	0	n/a	2024/06/30	5,000	28	(28)	-	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	936	(25,436)	-	148,500
Standard Bank - 04 846 6271-094		12 months	Fixed	No	Fixed	742.50%	0	n/a	2026/11/12	21,323	119	-	-	21,443
Municipality sub-total										396,384	2,093	(41,421)	-	357,056

Table 12: Supporting Table SC5: Investment portfolio

Chart 14: Call investment deposits incl interest for the period ending 28 February 2026

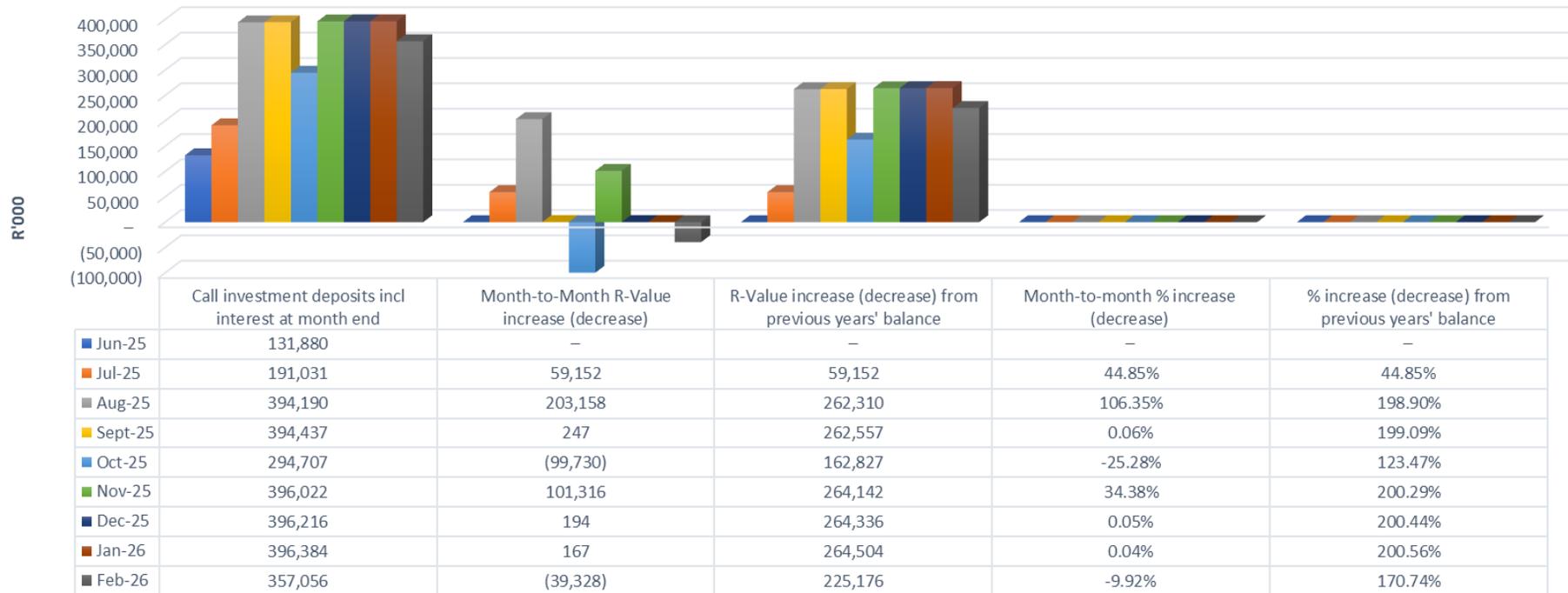


Chart 14: Call investment deposits at month-end

As indicated in the Chart 14 above from January to February 2026 investments incl interest decreased by R39,328 million (9.92%), in respect of the month-to-month comparison. Investments increased by R225,176 million (170.74%) 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 - M08 February

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		294,090	314,669	314,669	214	234,954	209,779	25,175	12.0%	314,669
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		282,104	301,722	301,722	-	226,292	201,148	25,144	12.5%	301,722
Expanded Public Works Programme Integrated Grant		2,927	4,442	4,442	-	4,442	2,961	1,481	50.0%	4,442
Infrastructure Skills Development Grant		4,500	4,400	4,400	27	2,275	2,933	(658)	-22.4%	4,400
Integrated Urban Development Grant		2,759	2,305	2,305	186	1,302	1,537	(235)	-15.3%	2,305
Local Government Financial Management Grant	3	1,800	1,800	1,800	-	644	1,200	(556)	-46.3%	1,800
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		19,321	9,007	16,737	166	840	7,551	(6,711)	-88.9%	16,737
Capacity Building and Other Grants		9,264	9,007	9,737	166	840	6,151	(5,311)	-86.3%	9,737
Infrastructure Grant		10,057	-	7,000	-	-	1,400	(1,400)	-100.0%	7,000
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		97,717	-	-	-	-	-	-	-	-
ESKOM		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		97,717	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	411,128	323,676	331,406	379	235,794	217,330	18,464	8.5%	331,406
Capital Transfers and Grants										
National Government:		574,062	684,166	684,166	14,144	374,278	456,111	(81,832)	-17.9%	684,166
Energy Efficiency and Demand Side Management Grant		5,000	5,000	5,000	33	2,292	3,333	(1,041)	-31.2%	5,000
Integrated National Electrification Programme Grant		4,500	19,000	19,000	-	7,293	12,667	(5,374)	-42.4%	19,000
Integrated Urban Development Grant		72,562	76,066	76,066	-	38,995	50,711	(11,716)	-23.1%	76,066
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	100	100	-	-	67	(67)	-100.0%	100
Regional Bulk Infrastructure Grant		492,000	574,000	574,000	12,517	324,104	382,667	(58,562)	-15.3%	574,000
Water Services Infrastructure Grant		-	10,000	10,000	1,595	1,595	6,667	(5,072)	-76.1%	10,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Infrastructure Grant		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	574,062	684,166	684,166	14,144	374,278	456,111	(81,832)	-17.9%	684,166
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	985,191	1,007,842	1,015,572	14,523	610,072	673,441	(63,368)	-9.4%	1,015,572

Table 13: Supporting Table SC6: Transfers and grant receipts

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

Capital grant monies were received for the month under review.

INEP - R6,650 million

EEDSM – R2,000 million

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

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M08 February

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		263,684	252,673	286,817	5,272	141,337	173,350	(32,013)	-18.5%	286,817
Equitable Share		251,739	239,722	273,866	5,112	133,084	164,716	(31,632)	-19.2%	273,866
Expanded Public Works Programme Integrated Grant		3,143	4,442	4,442	-	4,442	2,961	1,481	50.0%	4,442
Infrastructure Skills Development Grant		4,373	4,400	4,400	24	1,978	2,933	(955)	-32.6%	4,400
Integrated Urban Development Grant		2,629	2,305	2,305	137	1,273	1,537	(264)	-17.2%	2,305
Local Government Financial Management Grant		1,800	1,804	1,804	-	560	1,203	(643)	-53.4%	1,804
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		14,526	8,942	15,687	254	2,818	8,479	(5,661)	-66.8%	15,687
Capacity Building and Other Grants		9,055	8,942	9,687	149	819	6,112	(5,294)	-86.6%	9,687
Infrastructure Grant		5,471	-	6,000	105	1,999	2,367	(367)	-15.5%	6,000
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		278,210	261,615	302,504	5,526	144,155	181,829	(37,674)	-20.7%	302,504
Capital expenditure of Transfers and Grants										
National Government:		504,592	594,927	595,392	15,084	322,836	396,711	(73,875)	-18.6%	595,392
Energy Efficiency and Demand Side Management Grant		4,545	4,348	4,348	28	1,993	2,899	(905)	-31.2%	4,348
Integrated National Electrification Programme Grant		3,958	16,522	16,522	(6)	6,335	11,014	(4,679)	-42.5%	16,522
Integrated Urban Development Grant		64,588	66,144	66,609	2,791	31,291	44,189	(12,898)	-29.2%	66,609
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	87	87	-	-	58	(58)	-100.0%	87
Regional Bulk Infrastructure Grant		431,501	499,130	499,130	10,884	281,830	332,754	(50,924)	-15.3%	499,130
Water Services Infrastructure Grant		-	8,696	8,696	1,387	1,387	5,797	(4,411)	-76.1%	8,696
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		504,592	594,927	595,392	15,084	322,836	396,711	(73,875)	-18.6%	595,392
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		782,802	856,542	897,896	20,610	466,991	578,540	(111,549)	-19.3%	897,896

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 adjusted the budget to R28,160 million for this programme.

ipition (R'000)	Original Budget	Increase (Decrease)	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	465	66,609	2,791	31,291	1,491	47.31%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	-	4,348	28	1,993	-	45.84%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	-	499,130	10,884	281,830	-	56.46%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	-	16,522	(6)	6,335	2	38.34%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	87	-	87	-	-	-	0.00%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	8,696	-	8,696	1,387	1,387	-	15.95%
Grand Total	594,927	465	595,392	15,084	322,836	1,493	54.26%

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R322,836 million or 54.26% spent against the Adjusted capital grant allocation of R595,392 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 - M08 February						
Description	Ref	Budget Year 2025/26				
		Approved Rollover 2022/23	Monthly actual	YearTD actual	YTD variance	YTD variance
R thousands						%
EXPENDITURE						
Capital expenditure of Approved Roll-overs						
National Government:		535	-	-	535	100.0%
Intergrated Urban Development Grant		535			535	100.0%
Provincial Government:		-	-	-	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total capital expenditure of Approved Roll-overs		535	-	-	535	100.0%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		535	-	-	535	100.0%

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 - M08 February

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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		-	30,893	30,893	2,175	18,351	20,596	(2,245)	-11%	30,893
Pension and UIF Contributions		1,040	1,540	1,540	73	615	1,027	(412)	-40%	1,540
Medical Aid Contributions		657	710	710	63	442	473	(32)	-7%	710
Motor Vehicle Allowance		-	950	950	194	880	633	247	39%	950
Cellphone Allowance		3,048	2,910	2,910	255	2,028	1,940	89	5%	2,910
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		29,049	80	80	-	-	53	(53)	-100%	80
Sub Total - Councillors		33,794	37,083	37,083	2,760	22,316	24,722	(2,406)	-10%	37,083
% increase	4		9.7%	9.7%						9.7%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		5,763	8,743	8,743	776	3,426	5,829	(2,403)	-41%	8,743
Pension and UIF Contributions		747	1,351	1,351	115	344	901	(557)	-62%	1,351
Medical Aid Contributions		208	140	198	27	138	105	33	32%	198
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1,136	2,113	2,113	105	712	1,409	(697)	-49%	2,113
Cellphone Allowance		115	198	198	20	78	132	(54)	-41%	198
Housing Allowances		21	24	24	-	13	16	(4)	-23%	24
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		29	31	31	-	9	21	(12)	-56%	31
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		8,018	12,601	12,659	1,042	4,720	8,412	(3,692)	-44%	12,659
% increase	4		57.2%	57.9%						57.9%
Other Municipal Staff										
Basic Salaries and Wages		463,558	538,612	535,862	(340)	289,693	357,823	(68,130)	-19%	535,862
Pension and UIF Contributions		83,957	99,661	102,214	(113)	50,802	66,951	(16,149)	-24%	102,214
Medical Aid Contributions		58,162	69,790	74,269	507	39,300	47,423	(8,122)	-17%	74,269
Overtime		78,779	58,301	76,276	160	46,056	42,569	3,487	8%	76,276
Performance Bonus		30,549	39,432	40,916	(68)	24,308	26,585	(2,277)	-9%	40,916
Motor Vehicle Allowance		41,631	50,362	50,308	(105)	23,729	33,564	(9,835)	-29%	50,308
Cellphone Allowance		1,585	1,740	1,743	(20)	890	1,161	(271)	-23%	1,743
Housing Allowances		4,158	3,152	3,199	-	1,684	2,111	(427)	-20%	3,199
Other benefits and allowances		31,886	32,935	35,748	756	20,562	23,114	(2,553)	-11%	35,748
Payments in lieu of leave		10,012	16,200	9,200	-	1,842	9,400	(7,558)	-80%	9,200
Long service awards		30,742	31,845	32,001	64	18,609	21,261	(2,652)	-12%	32,001
Post-retirement benefit obligations	2	41,384	49,900	49,900	-	3,564	33,267	(29,703)	-89%	49,900
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		876,402	991,931	1,011,636	841	521,040	665,228	(144,189)	-22%	1,011,636
% increase	4		13.2%	15.4%						15.4%
Total Parent Municipality		918,214	1,041,615	1,061,378	4,643	548,076	698,363	(150,287)	-22%	1,061,378
TOTAL SALARY, ALLOWANCES & BENEFITS		918,214	1,041,615	1,061,378	4,643	548,076	698,363	(150,287)	-22%	1,061,378
% increase	4		13.4%	15.6%						15.6%
TOTAL MANAGERS AND STAFF		884,420	1,004,532	1,024,295	1,883	525,760	673,641	(147,881)	-22%	1,024,295

Table 17: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 17 above, Employee related costs is unsatisfactory and showing a variance of minus 15%. This is due to an integration error from Payday to Solar, resulting in the actuals being understated. The matter was resolved early in March 2026. 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 13th cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Individuals do act on positions from time to time, but all such acting allowances forms part of the basic salary line item. Councillors' Remuneration is showing an unsatisfactory 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 was issued and

approved by Council in February 2026, awaiting concurrence from Local Government MEC for retrospective implementation.

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 February 2026.

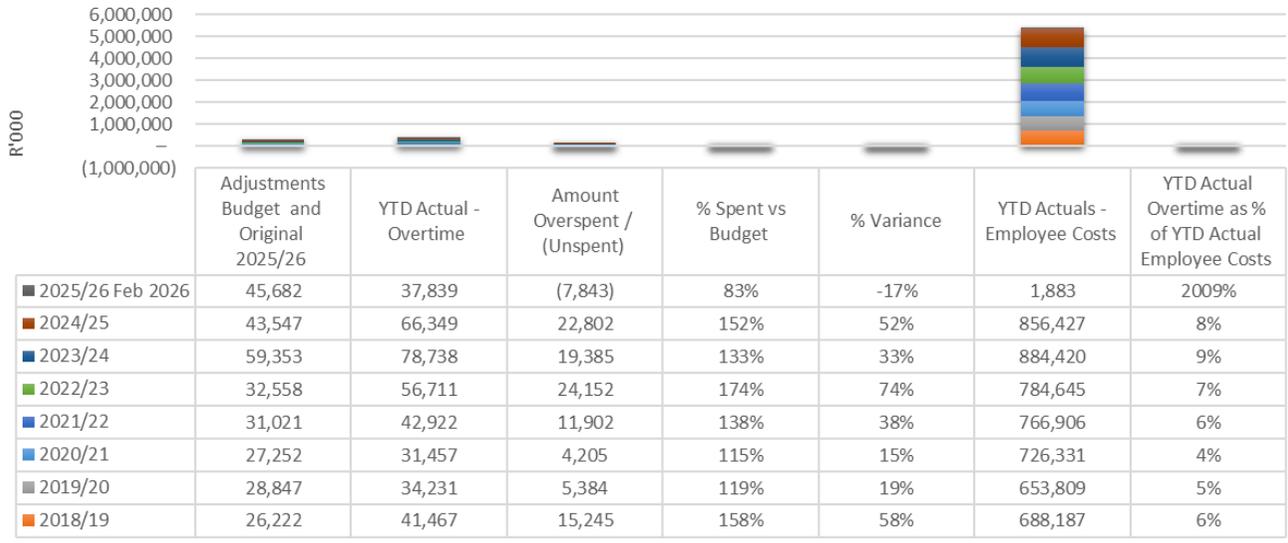
Description per line item (Amount in Rand)	Original Budget	Adjustments Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Spent of Adjustments Budget
MS: OVERTIME - NON STRUCTURED	42,176,000	59,595,000	145,260	35,838,000	85%	60%
MS: OVERTIME - STRUCTURED	3,506,000	3,692,000	-	2,000,972	57%	54%
Overtime as at 28 February 2026	45,682,000	63,287,000	145,260	37,838,972	83%	60%

Row Labels	Original Budget	Adjustments Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Spent of Adjustments Budget
20-EXECUTIVE AND COUNCIL	560,000	1,072,000	-	640,052	114%	60%
21-MUNICIPAL AND GENERAL	-	-	-	-		
22-MUNICIPAL MANAGER	-	24,000	-	15,482		
23-CORPORATE SERVICES	2,035,000	5,046,000	-	3,020,771	148%	60%
24-COMMUNITY SERVICES	17,145,000	16,009,000	3,030	9,744,524	57%	61%
26-FINANCIAL SERVICES	1,216,000	2,016,000	-	1,121,209	92%	56%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	1,112,000	988,000	-	441,082	40%	45%
28-INFRASTRUCTURE SERVICES	23,614,000	38,132,000	142,230	22,855,851	97%	60%
Overtime as at 28 February 2026	45,682,000	63,287,000	145,260	37,838,972	83%	60%

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 60% spent versus the Adjustments budget, resulting in an satisfactory variance of 6.67% for the period under review, when compared to the ideal IYM percentage of 66.67%. It should be noted that as a result of the integration error from Payday to Solar, overtime is understated for the month under review. The movement of R145 thousand pertains to journals that were processed.

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 Feb 2026

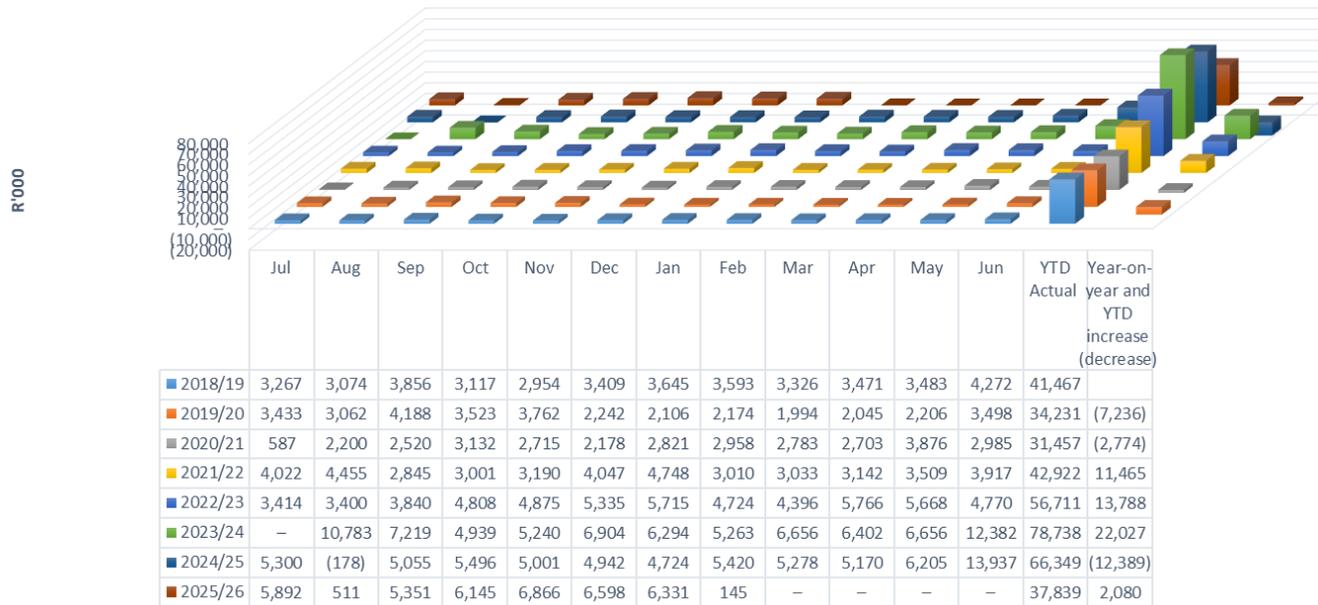


Chart 15.2: Monthly and Annual Overtime Comparison

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.

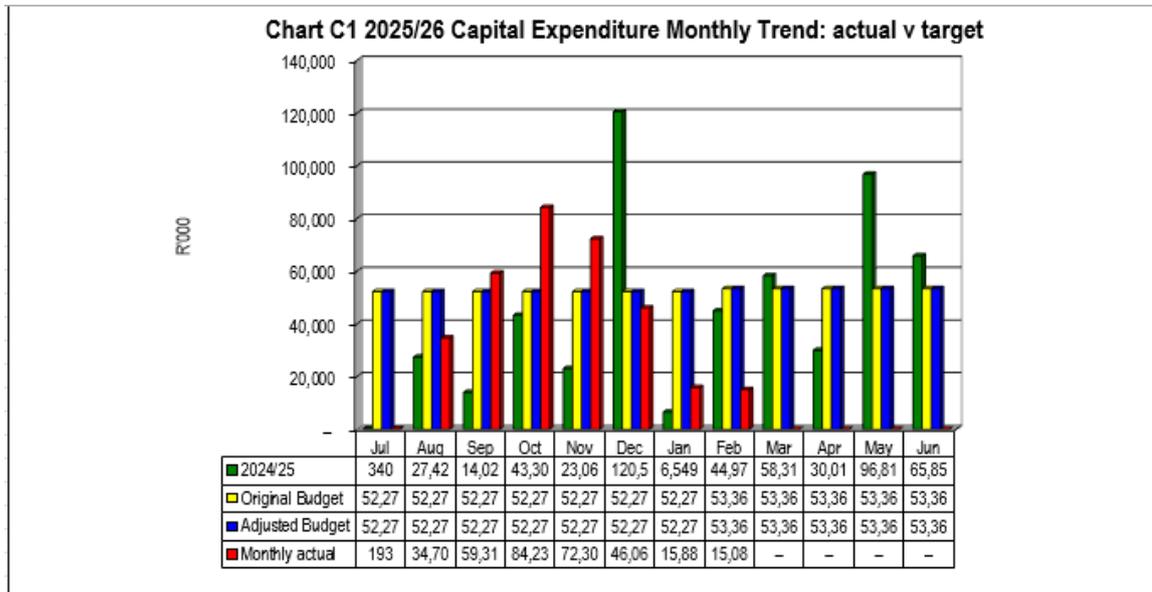


Chart 16.1: Capital Expenditure Monthly Trend: actual v target

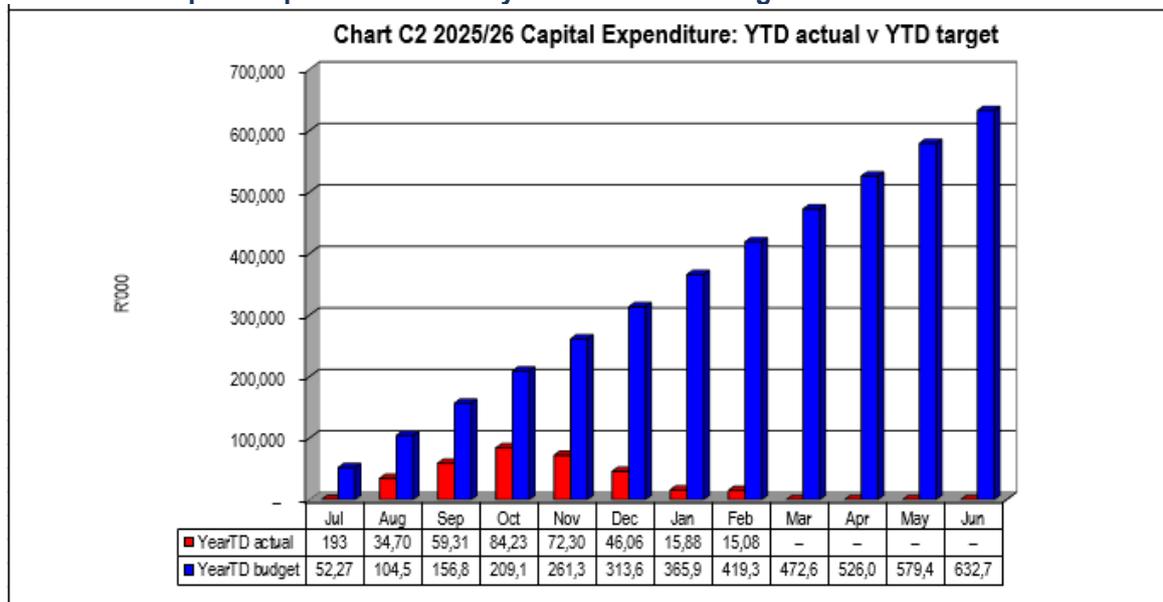


Chart 16.2: Capital Expenditure: YTD actual vs YTD target

Projects per funding source (R'000)	Original Budget	Adjusted Budget	Monthly Actuals	YTD Actuals	Commitments	% Original Bud	% Adjusted Bud
INTERNALLY GENERATED FUNDS	32,404	37,389	-	4,949	3,155	15.27%	13.24%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	6,783	3,913	-	692	3,144	10.21%	17.69%
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	568	-	-	-	0.00%	0.00%
PLANNING & DEVELOPMENT	870	870	-	160	-	18.36%	18.36%
CARTERS GLEN SEWER PUMP STATION	6,957	5,217	-	-	-	0.00%	0.00%
ELECTRIFICATION LERATO PARK	-	870	-	-	-	#DIV/0!	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 WWWTW	4,348	5,217	-	782	-	17.99%	14.99%
LERATO PARK SEWER UPGR DOWNSTREAM INFRA	-	8,696	-	-	-	#DIV/0!	0.00%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	66,609	2,791	31,291	1,491	47.31%	46.98%
UPGRADE GRAVEL ROADS WARDS VARIOUS	8,261	14,276	599	11,137	780	134.82%	78.01%
SPECIALISED FLEET REPLACEMENT	7,826	-	-	-	-	0.00%	#DIV/0!
ABLUTIONS KENILWORTH&PHUTANANG CEMETERY	-	249	-	-	-	#DIV/0!	0.00%
REFURBISHMENT OF HALLS	3,536	2,046	-	880	-	24.90%	43.03%
LINING OF STORMWATER CHANNELS WARD 16	2,609	3,913	11	2,113	292	81.00%	54.01%
CONSTRUCTION OLD SINK TOILETS	9,565	11,344	873	873	-	9.12%	7.69%
UPGRADE OF RITCHIE SPORTS GROUNDS	1,739	870	173	650	-	37.37%	74.75%
REDEVELOPMENT OF RC ELLIOT HALL	2,174	2,174	-	-	-	0.00%	0.00%
DEVELOPMENT OF RIVERTON HALL	870	435	78	241	-	27.73%	55.46%
FENCING OF ABC CEMETERY	5,217	5,217	-	5,217	-	99.99%	100.00%
SATELITE OFFICE CONTAINERS	870	-	-	-	-	0.00%	#DIV/0!
GREENPOINT BUSINESS DEVELOPMENT CENTRE	2,174	3,043	229	1,527	168	70.26%	50.19%
BEACONSFIELD WASTE WATER TREATMENT WORKS	12,609	12,609	778	5,352	-	42.44%	42.44%
HIGH MAST LIGHTS	8,696	8,696	51	3,301	251	37.96%	37.96%
UPGRADING OF ROODEPAN CEMETERY	-	1,739	-	-	-	#DIV/0!	0.00%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	4,348	28	1,993	-	45.84%	45.84%
STREETLIGHTS AND HIGH MAST RETROFITTING	4,348	4,348	28	1,993	-	45.84%	45.84%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	499,130	10,884	281,830	-	56.46%	56.46%
UPGRADE EXISTING/NEW RESERVOIR CONSTRUCT	46,541	29,391	1,375	17,682	-	37.99%	60.16%
REFURBISHMENT/REPLACEMENT BULK PIPELINE	366,547	198,317	1,808	184,725	-	50.40%	93.15%
KBY/RITCHIE NETWORK LEAK DETECT/REPAIR	32,220	40,626	5,236	27,193	-	84.40%	66.94%
KBY/RITCHIE BULK METERS/PRESSURE MANAGE	3,698	17,000	-	3,606	-	97.51%	21.21%
NEWTON AND RIVERTON WWWTW	50,125	213,796	2,465	48,624	-	97.01%	22.74%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	16,522	(6)	6,335	2	38.34%	38.34%
ELECTRIFICATION OF JACKSONVILLE	5,891	5,891	-	3,539	-	60.08%	60.08%
NETWORKS ACQ - ELECTR SANTA CENTRE	2,804	2,804	(6)	2,796	2	99.70%	99.70%
GALESHEWE TRANSFORMER	7,826	7,826	-	-	-	0.00%	0.00%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	87	87	-	-	-	0.00%	0.00%
REDEVELOPMENT OF RC ELLIOT HALL	87	87	-	-	-	0.00%	0.00%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	8,696	8,696	1,387	1,387	-	15.95%	15.95%
ACQ - CARTERS GLEN SEWER PUMP STATION	8,696	8,696	1,387	1,387	-	15.95%	15.95%
Grand Total	627,331	632,781	15,084	327,785	4,648	52.25%	51.80%

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 February 2026 is unsatisfactory and not at a desired level. Capital expenditure requires constant monitoring from management to improve the final outcome. The actual monthly expenditure for February 2025 amounted to R15,084 million. The total YTD Capex amounts to R327,785 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 (46.98%), EEDSM (45.84%), RBIG (56.46%), INEP (38.34%), WSIG (15.95%). Spending on Internally generated funds is 13.24% 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 February 2026.

- The Monthly Debt Relief Non-Compliance Report accompanied by the Municipal Debt Relief Compliance Certificate issued by National Treasury for January 2026.
- The municipality's self-assessment for the month of February 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 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.
 - 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 and January 2026.
 - 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 - M08 February

Description	2024/25		Budget Year 2025/26						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	687,339	717,920	717,920	53,167	535,934	478,613	57,320	12%	717,920
Service charges	1,449,088	1,761,512	1,766,433	116,039	1,035,944	1,175,325	(139,382)	-12%	1,766,433
Investment revenue	21,841	18,000	18,000	391	2,716	12,000	(9,284)	-77%	18,000
Transfers and subsidies - Operational	411,128	323,676	331,406	379	235,794	217,330	18,464	0	331,406
Other own revenue	430,140	413,080	394,974	26,925	235,664	271,766	(36,102)	-13%	394,974
Total Revenue (excluding capital transfers and contributions)	2,999,537	3,234,188	3,228,733	196,901	2,046,051	2,155,034	(108,983)	-5%	3,228,733
Employee costs	884,420	1,004,532	1,024,295	1,883	525,760	673,641	(147,881)	-22%	1,024,295
Remuneration of Councillors	33,794	37,083	37,083	2,760	22,316	24,722	(2,406)	-10%	37,083
Depreciation and amortisation	99,985	90,200	90,200	-	-	60,133	(60,133)	-100%	90,200
Interest	85,783	15,880	85,900	37,737	45,989	21,972	24,017	109%	85,900
Inventory consumed and bulk purchases	1,182,440	1,331,852	1,363,475	47,400	747,717	893,559	(145,842)	-16%	1,363,475
Transfers and subsidies	2,807	4,300	4,450	42	1,365	2,897	(1,531)	-53%	4,450
Other expenditure	848,755	728,658	878,656	39,857	421,640	515,772	(94,131)	-18%	878,656
Total Expenditure	3,137,984	3,212,506	3,484,060	129,679	1,764,788	2,192,696	(427,908)	-20%	3,484,060
Surplus/(Deficit)	(138,447)	21,682	(255,327)	67,221	281,263	(37,662)	318,925	-84%	(255,327)
Transfers and subsidies - capital (monetary)	574,062	684,166	684,166	14,144	374,278	456,111	(81,832)	-18%	684,166
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	435,615	705,848	428,839	81,365	655,541	418,449	237,093	57%	428,839
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	435,615	705,848	428,839	81,365	655,541	418,449	237,093	57%	428,839
Capital expenditure & funds sources									
Capital expenditure	561,573	627,331	632,781	15,084	327,785	419,311	(91,526)	-22%	632,781
Capital transfers recognised	504,592	594,927	595,392	15,084	322,836	396,711	(73,875)	-19%	595,392
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	56,981	32,404	37,389	-	4,949	22,600	(17,651)	-78%	37,389
Total sources of capital funds	561,573	627,331	632,781	15,084	327,785	419,311	(91,526)	-22%	632,781
Financial position									
Total current assets	2,957,797	3,027,796	2,820,433	-	3,631,326	-	-	-	2,820,433
Total non current assets	2,718,554	3,131,060	3,136,510	-	3,046,338	-	-	-	3,136,510
Total current liabilities	1,204,094	1,669,231	1,744,326	-	1,557,902	-	-	-	1,744,326
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	3,769,690	-	3,969,073	-	-	-	3,769,690
Cash flows									
Net cash from (used) operating	515,176	753,802	619,910	(59,369)	97,522	413,273	315,751	76%	619,910
Net cash from (used) investing	(554,810)	(721,431)	(726,881)	(15,089)	(327,789)	(484,587)	(156,798)	32%	(726,881)
Net cash from (used) financing	100	(16,688)	(16,688)	(8)	30	(11,125)	(11,156)	100%	(16,688)
Cash/cash equivalents at the month/year end	74,192	146,574	7,232	(66,328)	(66,328)	48,451	114,780	237%	40,250
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	191,179	113,876	93,739	106,851	91,805	92,462	552,003	3,338,889	4,580,803
Creditors Age Analysis									
Total Creditors	158,999	31,990	52,183	35,243	24,874	981	347,636	777,916	1,429,822

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		1,868,278	1,815,862	1,829,372	77,403	1,233,197	1,213,276	19,920	2%	1,829,372
Executive and council		1,146,927	1,067,130	1,080,640	24,323	692,700	714,122	(21,422)	-3%	1,080,640
Finance and administration		721,351	748,732	748,732	53,080	540,497	499,154	41,343	8%	748,732
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		52,398	46,152	51,404	3,013	24,408	31,818	(7,410)	-23%	51,404
Community and social services		12,453	12,888	13,410	348	2,718	8,696	(5,978)	-69%	13,410
Sport and recreation		3,217	2,910	2,910	341	1,954	1,940	14	1%	2,910
Public safety		818	570	570	20	323	380	(57)	-15%	570
Housing		31,910	29,708	29,938	2,304	19,412	19,852	(439)	-2%	29,938
Health		4,000	75	4,575	-	-	950	(950)	-100%	4,575
<i>Economic and environmental services</i>		21,781	23,377	25,876	1,592	9,219	16,084	(6,866)	-43%	25,876
Planning and development		8,200	9,207	9,907	470	5,808	6,278	(470)	-7%	9,907
Road transport		13,581	14,170	15,969	1,122	3,411	9,806	(6,396)	-65%	15,969
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,619,577	2,020,883	1,994,167	128,852	1,144,786	1,341,912	(197,126)	-15%	1,994,167
Energy sources		984,262	1,305,623	1,258,649	69,715	687,466	861,021	(173,555)	-20%	1,258,649
Water management		387,287	448,093	451,395	37,049	280,373	299,389	(19,016)	-6%	451,395
Waste water management		141,634	157,774	163,707	12,612	100,832	106,369	(5,537)	-5%	163,707
Waste management		106,393	109,393	120,416	9,476	76,116	75,133	983	1%	120,416
<i>Other</i>	4	11,566	12,081	12,081	185	8,720	8,054	666	8%	12,081
Total Revenue - Functional	2	3,573,599	3,918,354	3,912,899	211,045	2,420,329	2,611,145	(190,816)	-7%	3,912,899
Expenditure - Functional										
<i>Governance and administration</i>		805,088	756,026	846,806	13,654	432,052	522,174	(90,122)	-17%	846,806
Executive and council		566,451	532,963	606,037	10,405	269,753	369,924	(100,170)	-27%	606,037
Finance and administration		234,475	219,046	236,752	3,240	159,591	149,572	10,019	7%	236,752
Internal audit		4,162	4,017	4,017	8	2,708	2,678	30	1%	4,017
<i>Community and public safety</i>		195,831	219,901	228,330	1,566	114,232	148,287	(34,054)	-23%	228,330
Community and social services		48,397	52,711	53,264	396	27,550	35,251	(7,701)	-22%	53,264
Sport and recreation		63,434	66,957	67,389	721	36,348	44,724	(8,376)	-19%	67,389
Public safety		42,589	47,422	50,124	168	25,465	32,155	(6,690)	-21%	50,124
Housing		22,733	31,345	30,278	188	14,000	20,683	(6,683)	-32%	30,278
Health		18,679	21,467	27,276	93	10,869	15,473	(4,604)	-30%	27,276
<i>Economic and environmental services</i>		179,646	189,177	213,418	2,595	119,424	130,966	(11,543)	-9%	213,418
Planning and development		48,260	55,838	55,643	164	29,811	37,187	(7,376)	-20%	55,643
Road transport		130,479	132,364	156,800	2,432	89,040	93,130	(4,090)	-4%	156,800
Environmental protection		907	975	975	-	573	650	(77)	-12%	975
<i>Trading services</i>		1,932,419	2,016,320	2,162,060	111,774	1,083,891	1,370,076	(286,184)	-21%	2,162,060
Energy sources		1,292,570	1,303,951	1,389,336	82,968	729,850	883,845	(153,995)	-17%	1,389,336
Water management		439,992	445,043	481,062	24,981	231,254	303,416	(72,163)	-24%	481,062
Waste water management		117,220	158,834	175,737	2,258	70,754	108,999	(38,245)	-35%	175,737
Waste management		82,637	108,493	115,925	1,566	52,033	73,815	(21,782)	-30%	115,925
<i>Other</i>		25,000	31,081	33,445	91	15,188	21,193	(6,005)	-28%	33,445
Total Expenditure - Functional	3	3,137,984	3,212,506	3,484,060	129,679	1,764,788	2,192,696	(427,908)	-20%	3,484,060
Surplus/ (Deficit) for the year		435,615	705,848	428,839	81,365	655,541	418,449	237,093	0.5665986	428,839

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

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
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		1,146,927	1,067,130	1,080,640	24,323	692,700	714,122	(21,422)	-3.0%	1,080,640
Vote 03 - Municipal Manager		2,759	2,305	2,305	186	1,302	1,537	(235)	-15.3%	2,305
Vote 04 - Corporate Services		6,263	6,110	6,110	30	2,308	4,073	(1,765)	-43.3%	6,110
Vote 05 - Community Services		149,002	148,586	164,631	10,510	89,289	102,266	(12,977)	-12.7%	164,631
Vote 06 - Financial Services		714,281	742,122	742,122	52,993	537,774	494,748	43,027	8.7%	742,122
Vote 07 - Strategy Econ Development And Planning		8,419	10,003	10,703	349	6,491	6,809	(318)	-4.7%	10,703
Vote 08 - Infrastructure And Services		1,545,949	1,942,098	1,906,388	122,654	1,090,466	1,287,590	(197,124)	-15.3%	1,906,388
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	3,573,599	3,918,354	3,912,899	211,045	2,420,329	2,611,145	(190,816)	-7.3%	3,912,899
Expenditure by Vote	1									
Vote 01 - Executive & Council		57,033	61,221	61,955	3,117	36,321	40,961	(4,640)	-11.3%	61,955
Vote 02 - Municipal And General		495,160	464,832	536,992	6,645	224,760	324,320	(99,560)	-30.7%	536,992
Vote 03 - Municipal Manager		29,886	30,614	31,271	788	16,901	20,541	(3,639)	-17.7%	31,271
Vote 04 - Corporate Services		73,335	81,513	89,312	923	47,102	55,902	(8,800)	-15.7%	89,312
Vote 05 - Community Services		320,158	363,848	381,544	3,229	191,295	246,105	(54,810)	-22.3%	381,544
Vote 06 - Financial Services		143,187	173,366	183,603	3,276	84,766	117,625	(32,858)	-27.9%	183,603
Vote 07 - Strategy Econ Development And Planning		55,692	76,090	78,020	341	32,440	51,112	(18,673)	-36.5%	78,020
Vote 08 - Infrastructure And Services		1,963,535	1,961,023	2,121,363	111,359	1,131,203	1,336,131	(204,927)	-15.3%	2,121,363
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	3,137,984	3,212,506	3,484,060	129,679	1,764,788	2,192,696	(427,908)	-19.5%	3,484,060
Surplus/ (Deficit) for the year	2	435,615	705,848	428,839	81,365	655,541	418,449	237,093	56.7%	428,839

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		942,441	1,218,923	1,219,183	67,862	670,323	812,668	(142,345)	-18%	1,219,183
Service charges - Water		312,941	362,722	363,126	30,811	228,060	241,895	(13,835)	-6%	363,126
Service charges - Waste Water Management		110,559	106,274	106,317	9,901	78,248	70,858	7,390	10%	106,317
Service charges - Waste management		83,147	73,593	77,807	7,464	59,313	49,905	9,408	19%	77,807
Sale of Goods and Rendering of Services		16,897	18,644	20,425	882	10,711	12,786	(2,075)	-16%	20,425
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		166,017	142,100	182,139	13,835	118,793	102,741	16,052	16%	182,139
Interest from Current and Non Current Assets		21,841	18,000	18,000	391	2,716	12,000	(9,284)	-77%	18,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		32,057	29,740	29,740	2,323	19,569	19,827	(258)	-1%	29,740
Licence and permits		660	1,000	1,000	26	246	667	(421)	-63%	1,000
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		3,152	3,383	5,182	1,075	3,950	2,615	1,335	51%	5,182
Non-Exchange Revenue										
Property rates		687,339	717,920	717,920	53,167	535,934	478,613	57,320	12%	717,920
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		36,851	34,743	34,743	(47)	1,347	23,162	(21,815)	-94%	34,743
Licence and permits		8,435	8,200	8,200	126	6,631	5,467	1,164	21%	8,200
Transfers and subsidies - Operational		411,128	323,676	331,406	379	235,794	217,330	18,464	8%	331,406
Interest		103,759	117,020	102,540	7,731	66,654	75,117	(8,463)	-11%	102,540
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		27,322	58,250	11,005	979	7,768	29,384	(21,616)	-74%	11,005
Gains on disposal of Assets		6,763	-	-	(5)	(5)	-	(5)	#DIV/0!	-
Other Gains		28,227	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2,999,537	3,234,188	3,228,733	196,901	2,046,051	2,155,034	(108,983)	-5%	3,228,733
Expenditure By Type										
Employee related costs		884,420	1,004,532	1,024,295	1,883	525,760	673,641	(147,881)	-22%	1,024,295
Remuneration of councillors		33,794	37,083	37,083	2,760	22,316	24,722	(2,406)	-10%	37,083
Bulk purchases - electricity		901,045	1,000,000	1,000,000	39,593	573,252	666,000	(92,748)	-14%	1,000,000
Inventory consumed		281,395	331,852	363,475	7,807	174,465	227,559	(53,094)	-23%	363,475
Debt impairment		476,743	437,149	526,399	-	218,574	309,282	(90,708)	-29%	526,399
Depreciation and amortisation		99,985	90,200	90,200	-	-	60,133	(60,133)	-100%	90,200
Interest		85,783	15,880	85,900	37,737	45,989	21,972	24,017	109%	85,900
Contracted services		125,349	45,856	50,356	1,900	16,258	31,471	(15,212)	-48%	50,356
Transfers and subsidies		2,807	4,300	4,450	42	1,365	2,897	(1,531)	-53%	4,450
Irrecoverable debts written off		-	-	-	0	6	-	6	#DIV/0!	-
Operational costs		151,187	176,654	197,555	15,121	125,933	121,949	3,984	3%	197,555
Losses on Disposal of Assets		929	-	-	-	-	-	-	-	-
Other Losses		94,546	69,000	104,346	22,836	60,868	53,069	7,799	15%	104,346
Total Expenditure		3,137,984	3,212,506	3,484,060	129,679	1,764,788	2,192,696	(427,908)	-20%	3,484,060
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		574,062	684,166	684,166	14,144	374,278	456,111	(81,832)	(0)	684,166
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	(0)	-
Surplus/(Deficit) after capital transfers & contributions		435,615	705,848	428,839	81,365	655,541	418,449	237,093	0	428,839
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		435,615	705,848	428,839	81,365	655,541	418,449	237,093	0	428,839
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		435,615	705,848	428,839	81,365	655,541	418,449	237,093	0	428,839
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		435,615	705,848	428,839	81,365	655,541	418,449	237,093	0	428,839

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

Vote Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		2,214	1,739	870	173	650	986	(336)	-34%	870
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		3,043	6,579	4,654	78	1,122	3,721	(2,600)	-70%	4,654
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		143	3,130	3,130	-	1,276	2,087	(811)	-39%	3,130
Vote 08 - Infrastructure And Services		509,323	524,952	520,167	9,374	277,186	349,813	(72,627)	-21%	520,167
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	514,722	536,400	528,821	9,625	280,233	356,606	(76,373)	-21%	528,821
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		16,951	19,826	9,380	-	692	10,085	(9,392)	-93%	9,380
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		2,014	5,217	6,956	-	5,217	4,116	1,101	27%	6,956
Vote 06 - Financial Services		-	870	-	-	-	406	(406)	-100%	-
Vote 07 - Strategy Econ Development And Planning		1,518	7,361	7,389	229	3,726	4,913	(1,187)	-24%	7,389
Vote 08 - Infrastructure And Services		26,368	57,657	80,235	5,230	37,916	43,186	(5,269)	-12%	80,235
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	46,851	90,931	103,960	5,459	47,551	62,705	(15,153)	-24%	103,960
Total Capital Expenditure		561,573	627,331	632,781	15,084	327,785	419,311	(91,526)	-22%	632,781
Capital Expenditure - Functional Classification										
Governance and administration		19,165	22,435	10,249	173	1,342	11,476	(10,134)	-88%	10,249
Executive and council		19,165	21,565	10,249	173	1,342	11,070	(9,728)	-88%	10,249
Finance and administration		-	870	-	-	-	406	(406)	-100%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,056	11,797	11,610	78	6,338	7,837	(1,499)	-19%	11,610
Community and social services		3,043	11,797	11,610	78	6,338	7,837	(1,499)	-19%	11,610
Sport and recreation		2,014	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		38,159	17,913	26,101	839	16,213	14,382	1,832	13%	26,101
Planning and development		1,415	7,043	7,913	229	2,963	4,870	(1,907)	-39%	7,913
Road transport		36,744	10,870	18,188	610	13,250	9,512	3,738	39%	18,188
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		498,947	571,739	582,213	13,995	301,852	383,486	(81,634)	-21%	582,213
Energy sources		34,000	30,000	30,870	73	11,629	20,174	(8,545)	-42%	30,870
Water management		444,716	499,565	499,565	10,884	281,830	333,275	(51,446)	-15%	499,565
Waste water management		20,231	42,174	51,778	3,038	8,393	30,037	(21,644)	-72%	51,778
Waste management		-	-	-	-	-	-	-	-	-
Other		246	3,448	2,607	-	2,039	2,130	(91)	-4%	2,607
Total Capital Expenditure - Functional Classification	3	561,573	627,331	632,781	15,084	327,785	419,311	(91,526)	-22%	632,781
Funded by:										
National Government		504,592	594,927	595,392	15,084	322,836	396,711	(73,875)	-19%	595,392
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	6	504,592	594,927	595,392	15,084	322,836	396,711	(73,875)	-19%	595,392
Borrowing										
Internally generated funds		56,981	32,404	37,389	-	4,949	22,600	(17,651)	-78%	37,389
Total Capital Funding		561,573	627,331	632,781	15,084	327,785	419,311	(91,526)	-22%	632,781

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		163,909	146,574	6,414	390,093	6,414
Trade and other receivables from exchange transactions		1,517,568	1,518,421	1,495,551	1,713,508	1,495,551
Receivables from non-exchange transactions		993,234	1,060,605	1,016,271	1,060,397	1,016,271
Current portion of non-current receivables		-	-	-	-	-
Inventory		107,239	112,013	112,013	112,929	112,013
VAT		175,145	189,484	189,484	353,720	189,484
Other current assets		704	699	699	679	699
Total current assets		2,957,797	3,027,796	2,820,433	3,631,326	2,820,433
Non current assets						
Investments						
Investment property		200,308	205,599	205,599	201,743	205,599
Property, plant and equipment		2,465,059	2,873,339	2,879,630	2,791,408	2,879,630
Biological assets						
Living and non-living resources						
Heritage assets		12,071	13,480	12,639	12,071	12,639
Intangible assets		41,117	38,642	38,642	41,117	38,642
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
Total non current assets		2,718,554	3,131,060	3,136,510	3,046,338	3,136,510
TOTAL ASSETS		5,676,351	6,158,856	5,956,943	6,677,664	5,956,943
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	(16,688)	(16,688)	-	(16,688)
Consumer deposits		50,445	49,962	49,962	51,673	49,962
Trade and other payables from exchange transactions		900,690	1,191,824	1,266,824	1,040,278	1,266,824
Trade and other payables from non-exchange transactions		742	106,409	106,409	176,068	106,409
Provision		788	788	788	788	788
VAT		251,429	336,936	337,031	289,095	337,031
Other current liabilities		-	-	-	-	-
Total current liabilities		1,204,094	1,669,231	1,744,326	1,557,902	1,744,326
Non current liabilities						
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		-	-	-	-	-
Total non current liabilities		1,158,726	442,927	442,927	1,150,689	442,927
TOTAL LIABILITIES		2,362,820	2,112,158	2,187,253	2,708,591	2,187,253
NET ASSETS	2	3,313,531	4,046,698	3,769,690	3,969,073	3,769,690
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		3,238,727	3,971,894	3,694,886	3,894,269	3,694,886
Reserves and funds		74,804	74,804	74,804	74,804	74,804
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	3,313,531	4,046,698	3,769,690	3,969,073	3,769,690

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M08 February

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		468,755	610,232	610,232	39,884	379,893	406,821	(26,928)	-7%	610,232
Service charges		1,254,616	1,891,008	1,841,542	104,406	851,144	1,227,695	(376,551)	-31%	1,841,542
Other revenue		1,079,730	421,814	440,858	23,892	309,025	293,906	15,120	5%	440,858
Transfers and Subsidies - Operational		312,601	323,676	331,406	1,332	247,873	220,938	26,935	12%	331,406
Transfers and Subsidies - Capital		574,597	684,166	684,166	-	537,526	456,111	81,415	18%	684,166
Interest		29,685	46,525	49,974	7,283	26,635	33,316	(6,680)	-20%	49,974
Dividends								-		
Payments										
Suppliers and employees		(3,205,722)	(3,207,739)	(3,252,367)	(236,167)	(2,255,781)	(2,168,245)	87,536	-4%	(3,252,367)
Interest		914	(15,880)	(85,900)	-	1,207	(57,267)	(58,474)	102%	(85,900)
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		515,176	753,802	619,910	(59,369)	97,522	413,273	315,751	76%	619,910
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6,763	-	-	(5)	(5)	-	(5)	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments										
Payments										
Capital assets		(561,573)	(721,431)	(726,881)	(15,084)	(327,785)	(484,587)	(156,803)	32%	(726,881)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(554,810)	(721,431)	(726,881)	(15,089)	(327,789)	(484,587)	(156,798)	32%	(726,881)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		100	-	-	(8)	30	-	30	#DIV/0!	-
Payments										
Repayment of borrowing		-	(16,688)	(16,688)	-	-	(11,125)	(11,125)	100%	(16,688)
NET CASH FROM/(USED) FINANCING ACTIVITIES		100	(16,688)	(16,688)	(8)	30	(11,125)	(11,156)	100%	(16,688)
NET INCREASE/ (DECREASE) IN CASH HELD		(39,534)	15,684	(123,659)	(74,466)	(230,237)	(82,439)			(123,659)
Cash/cash equivalents at beginning:		113,726	130,891	130,891	8,138	163,909	130,891			163,909
Cash/cash equivalents at month/year end:		74,192	146,574	7,232	(66,328)	(66,328)	48,451			40,250

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 R390,093 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			Notes/Comments	
 <p>National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003</p>				
Mpumalanga Provincial Treasury				
Certificate of Compliance: Municipal Debt Relief Conditions for Application				
Period		Feb'26		
National Financial Year		2025/26		
Demarcation Code of Municipality being assessed		NC091		
District	Frances Baard			
Demarcation Description	Sol Plaatje			
I, <u>Bartholomew Matlala Municipal Manager</u> , hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:				
Municipal Debt Relief Conditions (Monthly reporting)				
Condition 6.12 Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption).				
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No	The municipality had insufficient cash to settle the current account for January 2026. September 2025 account was fully settled amounting to R20,043 million.
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://iguploadportal.treasury.gov.za?	No	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No	All the invoices for January 2026 was not timeously authorised on the system
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	Yes	The municipality made a payment of R88,135 million on the January 2026 account that is fully settled.
5	6.3.2	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://iguploadportal.treasury.gov.za?	Yes	
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes	
6.4 Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)			Select	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	Yes	
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations? <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	- If the municipality's MTREF is not funded , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - If the municipality 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	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework , does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/a	
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes	
14	6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	No	

6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:		
15	6.6.1 - the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2 - the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3 - the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: in terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	No	
18	6.6.4 - If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.	No	
6.6	Supporting evidence: The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.		
6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
19	6.7.1 - Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal? 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.	Not yet end of quarter	
6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :		
20	6.7.2.1 * the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1.	not yet the end of a quarter	
21	6.7.2.2 * the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
22	6.7.2.3 * the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	not yet the end of a quarter	
23	6.7.3 - The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	Smart meter project is completed. YTD Installations till end of 31 March 2025 = 15,328
24	6.7.4 - Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes	
25	6.7.5 - Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
6.8	Municipality's Completeness of the revenue base –		
26	6.8.1 - Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	
27	6.8.1 - If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement	Yes	
28	6.8.2 - For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://guploadportal.treasury.gov.za ?	Yes	
6.9	Monitor and report on implementation –		
29	6.9.1 - MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
30	6.9.2 - If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? Note - condition 6.9.2 has a typing error and must refer to 6.9.1.	Yes	
31	6.9.3 - Municipalities with financial recovery plans (FRP) – If the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP	
32	6.9.4 - If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ? 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.	No FRP	
6.10	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:		
33	6.10.1 - has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes	
34	6.10.2 - has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ? Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.	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 6.1.1.</i>		
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No	
		<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124; condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>		
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	No	The municipality had insufficient cash to settle the Water account for November 2025 and made a partial payment on the Eskom current account for November 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?	No	The municipality had insufficient cash to settle the Water account for November 2025 and made a partial payment on the Eskom current account for November 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		Supporting evidence : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the 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>	No	The municipality must still account for the first third of the debt written off by National Treasury
41	6.14	NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	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 January 2026 is attached to this S71 report.

Here are the specific high-level recommendations for January 2026 according to the non-compliance certification.

1. Immediate Settlement of Eskom Current Account

Prioritise full and immediate settlement of the outstanding Eskom current account balance as a non-negotiable operational imperative. Implement ring-fenced payment protocols that allocate revenue to bulk service providers before any discretionary expenditure, with weekly cash-flow forecasting and dual-level monitoring (administrative weekly, Council monthly) to prevent future arrears accumulation and restore eligibility for second-cycle debt write-off.

2. Comprehensive Revenue Recovery Programme

Launch an integrated revenue recovery strategy targeting the 58% collection rate, with specific interventions to close the 36-percentage-point gap to the 95% MDRP benchmark. This must include consolidated billing implementation, balanced enforcement across all services (not just electricity), rigorous arrears management with clear escalation protocols, and monthly Council-level accountability for collection performance with verifiable month-on-month improvement targets.

3. Systematic Credit Control Enforcement

Transition disconnection protocols from discretionary acts to systematic, uniformly applied procedures governed by published schedules and standardised triggers across all consumer categories. Eliminate selective enforcement that varies by area or consumer type and activate water restrictions alongside electricity disconnections to restore payment discipline while protecting minimum free basic service allocations.

4. Operationalisation of Governance Resolutions

Embed MDRP compliance into the machinery of governance through a standing Council agenda item with structured performance dashboards and a formal resolution-tracking register. Each directive must log accountability assignments, set deadlines, and report monthly on implementation status, shifting governance from endorsing plans to verifying outcomes with the Municipal Manager reporting directly on progress against agreed milestones.

5. Tariff Restructuring Toward Cost Reflectivity

Initiate decisive tariff restructuring across all trading services (water, sanitation, electricity, and solid waste) to align revenues with full cost of service delivery, including operations, maintenance, and asset renewal. Address the structural funding gap where current tariffs remain below cost-recovery levels, which undermines financial sustainability and service delivery capacity.

6. Smart Metering Integration and Billing System Alignment

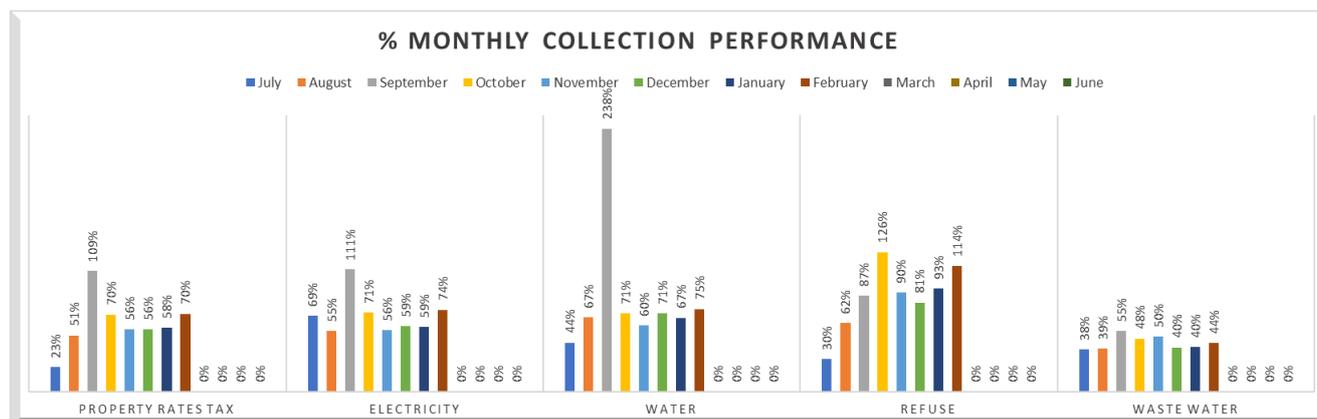
Embed the 15,000+ installed smart meters into a coherent end-to-end revenue strategy encompassing billing, credit control, indigent controls, reconciliation, and consequence management. Simultaneously resolve the R10+ million quarterly variance between General Valuation billing potential and Municipal Financial System outputs through integrated governance action to align valuation administration with revenue management and enforce consistent tariff application across all property categories.

7. Indigent Management and Consumption Control

Strengthen indigent management systems to effectively constrain consumption to national norms (50 kWh electricity and 6 kilolitres water per month) for registered indigent households, preventing overconsumption beyond subsidised thresholds that creates avoidable pressure on the operating budget. Implement automated enforcement capabilities through smart metering technology and establish clear consequence management protocols for administrative compliance gaps.

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	Billing	Collection	R - Billing not collected	% Collection	Billing	Collection	R - Billing not collected	% Collection	Billing	Collection	R - Billing not collected	% Collection
1. Collection for whole demarcation	712,002,748	407,792,345	284,842,404	80%	547,981,689	334,244,910	213,708,779	67%	388,007,269	236,296,091	132,211,964	60%	-	-	-	#DIV/0!
2. Collection <u>incl Eskom supplied areas</u>	616,488,939	386,831,143	228,657,797	63%	477,884,866	297,098,389	180,796,467	62%	323,019,541	213,882,295	109,137,285	66%	-	-	-	#DIV/0!
3. Collection: Property Rates	271,762,961	198,901,285	72,861,877	73%	190,810,941	108,300,214	62,010,728	67%	106,414,294	75,423,194	30,991,100	71%	-	-	-	#DIV/0!
4. Total average collection: Electricity (Municipal supplied areas)	210,307,876	153,191,710	57,116,367	73%	148,624,188	148,952,435	1,260,763	99%	99,904,343	103,057,607	(3,653,299)	104%	-	-	-	#DIV/0!
5. Total average collection: Water	89,997,083	41,822,306	48,424,778	46%	101,799,199	46,021,696	54,937,495	46%	75,349,877	31,648,057	43,697,819	42%	-	-	-	#DIV/0!
6. Total average collection: Wastewater	37,866,749	14,046,589	23,821,181	37%	36,651,378	13,922,572	23,088,807	37%	24,490,599	8,608,622	15,882,318	35%	-	-	-	#DIV/0!
7. Total average collection: Refuse	29,198,008	12,148,192	17,010,306	42%	29,002,248	11,671,930	17,328,418	40%	19,299,883	7,548,772	11,693,100	39%	-	-	-	#DIV/0!
8. Total average collection: Interest	73,909,471	7,961,324	65,908,146	11%	69,906,744	5,320,165	64,586,579	8%	43,111,704	9,918,838	33,600,866	23%	-	-	-	#DIV/0!

Description	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Monthly collection rate (Property rates and Services)	57%	71%	39%	111%	88%	69%	65%	67%	76%
Revised average collection rate (SPLM)	77%	47%	77%	76%	79%	78%	78%	77%	83%
Collection rate per Ward (Monthly)	60%	34%	51%	109%	70%	56%	56%	58%	70%
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 from 58% to 70% 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 February 2026 is 83%, 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	Summary - Reporting for December in January				Summary - Reporting for January in February				Summary - Quarter 3				Q3
	Billing	Collection	% Billing not collected	% Collection		Billing	Collection	% Billing not collected	% Collection		Billing for December	Collection in January	% Billing not collected	% Collection	Billing for January	Collection in February	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	
1. Collection for whole demarcation	70,022,904	57,761,361	17.6%	82%	147,411,881	124,343,616	17.6%	82%	181,642,826	148,282,211	17.8%	82%	151,740,214	124,343,616	17.6%	82%	147,411,881	124,343,616	17.6%	82%			
2. Collector and Educated/assisted/assess	435,466,199	381,951,141	12.4%	75%	477,844,642	397,265,289	16.7%	83%	517,740,749	448,851,171	13.3%	87%	517,740,749	448,851,171	13.3%	87%	435,466,199	381,951,141	12.4%	75%			
3. Collection Property Rates	21,762,841	18,861,365	13.3%	73%	18,944,641	16,500,214	12.7%	67%	18,944,641	16,500,214	12.7%	67%	18,944,641	16,500,214	12.7%	67%	21,762,841	18,861,365	13.3%	73%			
4. Total average collection Electricity (Municipal regulated areas)	20,877,874	15,181,765	27.3%	73%	19,428,348	14,543,635	26.2%	75%	19,428,348	14,543,635	26.2%	75%	19,428,348	14,543,635	26.2%	75%	20,877,874	15,181,765	27.3%	73%			
5. Total average collection Electricity (Municipal unregulated areas)	89,907,303	61,522,306	31.4%	68%	101,798,304	69,216,635	32.2%	68%	101,798,304	69,216,635	32.2%	68%	101,798,304	69,216,635	32.2%	68%	89,907,303	61,522,306	31.4%	68%			
6. Total average collection Water	17,866,740	14,568,569	18.5%	76%	16,121,374	13,088,807	18.2%	77%	16,121,374	13,088,807	18.2%	77%	16,121,374	13,088,807	18.2%	77%	17,866,740	14,568,569	18.5%	76%			
7. Total average collection Wastewater	28,568,208	22,588,252	21.3%	79%	26,280,211	21,548,648	18.4%	81%	26,280,211	21,548,648	18.4%	81%	26,280,211	21,548,648	18.4%	81%	28,568,208	22,588,252	21.3%	79%			
8. Total average collection Interest	76,200,471	73,820,241	3.1%	97%	81,790,741	80,528,211	1.5%	98%	81,790,741	80,528,211	1.5%	98%	81,790,741	80,528,211	1.5%	98%	76,200,471	73,820,241	3.1%	97%			

Complete This Section

Ward Name & Number	Quarter 1 Performance Per Ward				Quarter 2 Performance Per Ward				Quarter 3 Performance Per Ward			
	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection
Property Rates Tax	462,978	454,689	1.9%	98%	460,640	448,681	2.1%	98%	460,640	448,681	2.1%	98%
Electricity	2,587,551	4,122,077	58.9%	163%	5,181,185	2,971,498	29.0%	56%	2,231,590	979,130	55.2%	44%
Water	6,296,737	5,829,239	7.7%	93%	6,296,737	5,829,239	7.7%	93%	6,296,737	5,829,239	7.7%	93%
Wastewater	366,139	359,827	1.7%	98%	366,139	359,827	1.7%	98%	366,139	359,827	1.7%	98%
Interest	1,270,938	99,883	92.2%	8%	2,518,611	1,598	99.4%	0%	679,138	11,320	98.3%	2%
Property Rates Tax	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Electricity	1,926,281	62,927	96.7%	3%	1,926,281	62,927	96.7%	3%	1,926,281	62,927	96.7%	3%
Water	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Wastewater	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Interest	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Property Rates Tax	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Electricity	1,926,281	62,927	96.7%	3%	1,926,281	62,927	96.7%	3%	1,926,281	62,927	96.7%	3%
Water	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Wastewater	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%
Interest	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%	1,926,281	1,848,609	4.0%	98%

Complete This Section										Quarter 1 Performance Per Ward										Quarter 2 Performance Per Ward										Quarter 3 Performance Per Ward									
Services	Electricity Supplier	Ward Number & Name	Billing				CS	Billing				CS	Billing				CS	Billing				CS																	
			Collection	% Billing not collected	% Collection	% CS		Collection	% Billing not collected	% Collection	% CS		Collection	% Billing not collected	% Collection	% CS		Collection	% Billing not collected	% Collection	% CS																		
Property Rates Tax			1,399,614	667,058	71,566	48%	48%	1,386,079	579,671	80,208	42%	42%	460,573	234,467	236,106	51%	51%	460,573	249,998	216,575	53%	53%	921,317	476,465	462,881	52%	52%												
Electricity			126,275	86,531	70,294	55%	55%	126,275	76,939	54,842	58%	58%	42,804	25,386	33,148	38%	38%	42,804	25,386	33,148	38%	38%	76,233	43,909	52,248	48%	48%												
Water			1,442,239	283,845	1,158,685	20%	20%	1,432,240	294,699	1,168,545	15%	15%	763,650	147,078	629,326	8%	8%	763,650	147,078	629,326	8%	8%	1,539,138	344,958	1,249,237	20%	20%												
Refuse			95,437	181,122	74,315	20%	20%	92,008	178,523	74,465	15%	15%	308,406	76,420	231,986	25%	25%	310,433	68,534	219,895	25%	25%	618,839	149,594	473,881	23%	23%												
Waste Water			1,250,340	246,793	1,054,708	20%	20%	1,249,008	228,751	1,000,287	18%	18%	424,702	109,010	315,693	26%	26%	427,598	95,220	334,378	22%	22%	852,200	202,220	650,280	20%	24%												
Interest			1,809,939	45,647	1,799,623	3%	3%	1,809,939	46,389	1,789,623	2%	2%	456,757	54,558	402,457	11%	11%	456,757	54,558	402,457	11%	11%	1,139,944	117,990	1,021,872	10%	10%												
Property Rates Tax			15,413,519	8,153,026	5,926,694	71%	71%	14,443,508	4,707,751	12,349,137	13%	13%	11,559,380	1,999,643	9,511,517	9%	9%	11,559,380	2,631,316	8,928,064	8%	8%	3,136,710	2,062,779	2,051,881	60%	60%												
Electricity			6,612,742	2,618,822	3,068,030	46%	46%	2,995,503	5,448,049	2,442,460	182%	182%	1,203,851	544,645	639,205	45%	45%	983,028	6,099,513	0	620%	620%	1,286,678	6,444,158	4,477,280	30%	30%												
Water			2,466,909	1,177,307	1,139,761	46%	46%	2,778,899	1,307,372	1,194,527	50%	50%	1,184,280	438,320	745,887	37%	37%	906,748	471,944	434,804	52%	52%	2,009,975	902,294	1,108,681	46%	44%												
Refuse			702,316	2,417,897	888,823	73%	73%	1,489,640	36,389	1,789,229	74%	74%	1,131,613	776,137	405,383	64%	64%	1,131,613	846,590	348,402	75%	75%	1,519,243	501,243	1,018,000	50%	54%												
Waste Water			921,228	521,773	397,656	17%	17%	933,057	555,883	368,125	60%	60%	310,081	153,087	156,994	49%	49%	309,803	194,576	115,227	63%	63%	615,884	347,642	272,213	20%	16%												
Interest			2,208,921	201,564	1,975,201	11%	11%	2,051,944	250,627	1,800,843	12%	12%	630,961	126,948	451,013	27%	27%	588,319	119,302	0	189%	189%	1,375,200	1,979,270	1,079,970	100%	100%												
Property Rates Tax			1,177,499	320,120	67,264	28%	28%	748,244	354,438	393,020	47%	47%	249,508	95,958	133,550	38%	38%	250,008	140,512	109,495	56%	56%	499,515	236,470	240,491	47%	47%												
Electricity			58,123	32,729	10,200	31%	31%	1,622,024	75,009	85,209	47%	47%	56,167	19,945	36,222	30%	30%	56,808	42,780	34,028	75%	75%	122,014	57,252	62,248	48%	48%												
Water			1,377,922	271,947	1,067,735	15%	15%	1,390,801	373,620	1,131,211	22%	22%	706,597	108,658	617,739	15%	15%	762,828	119,928	68,901	15%	15%	1,408,425	222,785	1,246,640	15%	15%												
Refuse			613,132	118,105	45,467	23%	23%	639,669	142,812	47,847	23%	23%	208,287	41,211	167,075	20%	20%	206,170	54,120	152,050	26%	26%	416,657	95,181	135,218	23%	23%												
Waste Water			875,256	146,399	65,797	20%	20%	817,077	181,120	148,526	22%	22%	278,758	55,361	232,397	20%	20%	277,436	70,922	206,514	26%	26%	516,574	126,291	439,911	23%	23%												
Interest			1,877,778	49,472	1,831,200	3%	3%	1,829,781	71,817	1,756,644	4%	4%	502,867	27,645	475,412	3%	3%	502,286	15,525	492,228	3%	3%	610,205	49,821	569,689	4%	4%												
Property Rates Tax			54,428,075	33,121,372	1,525,704	60%	60%	45,444,003	29,834,264	11,817,789	71%	71%	13,342,183	10,544,116	2,798,007	79%	79%	13,418,985	11,607,460	4,381,525	87%	87%	26,161,326	22,515,175	4,680,561	80%	83%												
Electricity			47,482,942	17,922,293	10,180,249	79%	79%	34,844,754	30,861,792	1,982,862	91%	91%	12,300,343	8,939,442	3,360,921	72%	72%	12,300,343	8,939,442	3,360,921	72%	72%	23,541,151	18,817,209	4,724,162	79%	79%												
Water			10,107,773	4,719,127	3,449,238	60%	60%	11,218,008	5,133,884	3,900,454	65%	65%	4,021,021	2,119,317	1,901,884	53%	53%	3,340,937	2,953,961	2,686,636	91%	91%	1,281,778	1,007,274	2,380,272	78%	78%												
Refuse			3,377,860	2,417,897	888,823	73%	73%	3,416,523	2,528,848	1,000,000	74%	74%	953,205	211,082	742,723	65%	65%	952,649	618,039	334,616	61%	61%	1,905,205	1,073,578	670,217	60%	60%												
Waste Water			2,834,761	2,011,893	632,070	71%	71%	2,851,409	2,111,082	738,747	74%	74%	953,205	211,082	742,723	65%	65%	952,649	618,039	334,616	61%	61%	1,905,205	1,073,578	670,217	60%	60%												
Interest			6,739,761	2,817,777	1,742,794	40%	43%	5,940,218	3,048,211	1,515,867	14%	14%	1,841,383	468,899	1,342,484	27%	27%	1,898,279	516,838	1,381,441	27%	27%	3,739,021	1,670,277	2,070,274	27%	27%												
Property Rates Tax			44,929,459	22,888,589	11,522,848	49%	49%	40,188,883	24,969,880	22,999,889	75%	75%	3,307,756	2,142,207	1,165,549	80%	80%	3,309,450	2,727,789	586,691	82%	82%	4,032,226	3,505,266	1,214,969	81%	81%												
Electricity			13,233,103	5,174,748	3,073,781	60%	60%	11,111,103	9,900,024	5,145,867	80%	80%	3,309,450	2,727,789	586,691	82%	82%	3,309,450	2,727,789	586,691	82%	82%	4,032,226	3,505,266	1,214,969	81%	81%												
Water			3,774,819	1,501,718	1,033,811	64%	64%	3,796,075	1,857,142	1,088,831	73%	73%	1,948,014	906,206	1,041,808	53%	53%	1,644,319	1,115,790	528,530	60%	60%	1,892,333	1,261,995	1,570,338	58%	58%												
Refuse			1,271,361	1,131,023	127,738	89%	89%	1,397,057	1,033,966	309,821	70%	70%	425,314	334,064	91,288	79%	79%	425,314	334,064	91,288	79%	79%	809,973	625,391	225,582	78%	78%												
Waste Water			1,404,789	1,029,781	688,823	49%	49%	1,404,789	1,029,781	688,823	49%	49%	425,314	334,064	91,288	79%	79%	425,314	334,064	91,288	79%	79%	809,973	625,391	225,582	78%	78%												
Interest			2,837,737	1,004,547	1,831,500	30%	30%	2,711,022	1,293,511	1,460,470	45%	45%	823,720	506,664	317,056	61%	61%	823,720	506,664	317,056	61%	61%	1,460,205	1,494,394	1,026,913	29%	29%												
Property Rates Tax			11,684,437	6,470,460	3,105,207	50%	50%	4,279,467	2,718,662	1,405,746	65%	65%	1,404,711	862,885	541,826	61%	61%	1,404,962	1,116,996	256,967	79%	79%	2,808,273	3,495,840	848,793	70%	70%												
Electricity			10,488,968	7,888,538	2,620,120	75%	75%	7,209,127	6,829,939	3,881,261	97%	97%	2,333,289	1,921,509	411,780	82%	82%	2,303,117	1,455,382	845,735	73%	73%	4,834,406	3,709,891	1,242,515	79%	79%												
Water			1,420,182	976,221	498,823	35%	35%	1,420,182	976,221	498,823	35%	35%	1,231,404	375,040	856,364	22%	22%	1,231,404	375,040	856,364	22%	22%	1,978,248	1,320,899	657,349	67%	67%												
Refuse			927,567	298,158	42,651	32%	32%	1,059,558	292,217	80,151	24%	24%	304,304	69,597	234,707	23%	23%	304,304	69,597	234,707	23%	23%	608,652	1,148,839	494,013	20%	20%												
Waste Water			1,241,827	489,351	288,121	28%	28%	1,241,827	489,351	288,121	28%	28%	414,907	97,856	317,052	24%	24%	414,907	97,856	317,052	24%	24%	818,627	222,696	595,930	27%	27%												
Interest			1,578,996	159,880	1,420,120	10%	10%	1,603,648	44,933	1,558,715	3%	3%	501,159	10,857	490,302	2%	2%	511,919	15,973	495,947	10%	10%	1,026,172	62,890	963,282	6%	6%												
Property Rates Tax			44,744,862	24,053,218	12,000,000	54%	54%	41,255,134	20,900,000	4,606,044	70%	70%	9,174,785	7,585,739	1,589,046	83%	83%	9,174,785	7,585,739	1,589,046	83%	83%	18,177,161	15,648,215	2,528,946	85%	85%												
Electricity			46,998,902	33,522,768	13,666,314	71%	71%	31,844,466	36,316,193	14,880,270	115%	115%	9,934,912	11,514,170	0	116%	116%	12,289,035	8,292,279	3,996,756	76%	76%	22,233,477	19,666,400	2,427,077	80%	80%												
Water			5,526,673	2,529,856	1,351,817	64%	64%	5,199,811	7,029,842	2																													



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	Indigent Household service targets																		
	Water: (Include All Indigent households also in Eskom supplied areas)																		
	Indigent HHs with piped water inside dwelling	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563	7,747						
2	Indigent HHs with piped water inside yard (but not in dwelling)																		
3	Indigent HHs using public tap (at least min.service level)																		
4	Indigent HHs with other water supply (at least min.service level)																		
5	Total no. of Indigent HHs receiving Minimum Service Level and Above sub-total	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563	7,747						
6	Indigent HHs using public tap (< min.service level)																		
7	Indigent HHs with other water supply (< min.service level)																		
8	Indigent HHs with No water supply																		
9	Total no. of Indigent HHs receiving - Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-	-	-	-						
10	Total number of registered indigent households	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563	7,747						
	Status of Water meters:																		
	Number of Indigent HHs with prepaid Water	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563	7,747						
	Number of Indigent HHs with conventional metered Water																		
	Number of Indigent HHs NOT metered currently - Water																		
	Number of Indigent HHs with NO Water supply - No metering																		
11	Total number of registered indigent households	7,390	11,800	11,800	11,800	7,659	7,518	7,196	7,332	7,497	7,477	7,563	7,747						
	Status of unlimited supply of Water:																		
	Number of Indigent HHs with conventional metered Water - where the municipality is NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month																		
	Number of Indigent HHs NOT metered currently receiving unlimited supply - Water																		
12	Total number of registered indigent households receiving unlimited supply - Water	-	-	-	-	-	-	-	-	-	-	-	-						
	Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HHs billed for consumption above the 6 kilolitres																		
	Energy: (Include All Indigent households also in Eskom supplied areas)																		
	Indigent HHs with Electricity (at least min service level)																		
	Indigent HHs with Electricity - prepaid (min.service level)																		
	Total no. of Indigent HHs receiving Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-	-	-	-						
	Indigent HHs with Electricity (< min.service level)																		
	Indigent HHs with Electricity - prepaid (< min. service level)																		
	Indigent HHs with other energy sources																		
13	Total no. of Indigent HHs receiving - Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-	-	-	-						
14	Total number of registered indigent households	-	-	-	-	-	-	-	-	-	-	-	-						
	Status of Electricity meters:																		
	Number of Indigent HHs with prepaid Electricity	7,390	11,800	11,800	11,800	6,899	6,793	6,430	6,571	7,497	7,477	7,563	7,747						
	Number of Indigent HHs with conventional metered Electricity																		
	Number of Indigent HHs NOT metered currently - Electricity																		
	Number of indigent HHs with other energy sources - No metering																		
15	Total number of registered indigent households	7,390	11,800	11,800	11,800	6,899	6,793	6,430	6,571	7,497	7,477	7,563	7,747						
	Status of unlimited supply of Electricity:																		
	Number of Indigent HHs with conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month																		
	Number of Indigent HHs NOT metered currently receiving unlimited supply - Electricity																		
16	Total number of registered indigent households receiving unlimited supply - Electricity	-	-	-	-	-	-	-	-	-	-	-	-						
	Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HHs billed for consumption above the 50 kwh																		
17	Number of ALL Households receiving Free Basic Service (including registered Indigent Households)																		
	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	7,747						
	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	7,747						
	Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																		
	Water (6 kilolitres per household per month)	10,000,000	8,000,000	8,000,000	8,000,000	258,044	275,513	271,989	272,560	277,661	259,510	331,050	271,771						
	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	1,740,709						
	Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)																		
	Water (6 kilolitres per household per month)																		
	Electricity/other energy (50kwh per household per month)																		
18	Total cost of FBS Water and Electricity provided to ALL Households	22,000,000	21,000,000	21,000,000	21,000,000	1,142,760	293,641	1,142,907	1,922,450	295,351	1,095,554	1,176,095	2,012,480						
	Highest level of free service provided per household (ALL Households)																		
	Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000						
	Water (kilolitres per household per month)	6	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	213						
	Sanitation (Rand per household per month)	189	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	50						
	Refuse (average litres per week)	21	21	21	21	21	21	21	21	21	21	21	21						
	Revenue cost of subsidised services provided for ALL Households (R'000)																		
	Residential Category: Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)																		
14(a)	Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA																		
14(b)	Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA	37,240,000	36,400,000	36,400,000	36,400,000	641,608	591,385	591,983	593,904	595,500	595,756	594,979	598,178						
15	Water (in excess of 6 kilolitres per indigent household per month)	21,500,000	20,000,000	20,000,000	20,000,000	-	766,241	714,745	720,957	976,728	854,746	779,853	821,478						
16	Sanitation (in excess of free sanitation service to indigent households)	3,400,000	3,500,000	3,500,000	3,500,000	-	-	-	-	-	-	-	-						
17	Electricity/other energy (in excess of 50 kwh per indigent household per month)	41,000,000	41,000,000	41,000,000	41,000,000	-	1,756,506	1,085,859	877,648	687,242	686,096	699,004	688,316						
18	Refuse (in excess of one removal a week for indigent households)	4,400,000	4,800,000	4,800,000	4,800,000	-	126,511	126,511	130,950	126,781	124,822	130,856	127,441						
19	Municipal Housing - rental rebates																		
20	Housing - top structure subsidies																		
21	Other																		
22	Total revenue cost of subsidised services provided	107,540,000	#####	105,700,000	105,700,000	641,608	3,240,643	2,519,098	2,323,459	2,386,251	2,261,420	2,204,692	2,235,413						

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	-	-	-
Total	64,511	64,511	-	40,780,982,208	40,780,982,208	-
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
Total	64,393,461	52,876,427	11,517,034	64,393,461	53,215,626	11,177,835

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.

Indicated below is the February 2026 account which is due and payable on or before 01 April 2026.



ESKOM HOLDINGS SOC LTD REG NO 2002/016627/80
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) 037566Sbarwa
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	32617894.65
BILLING DATE	2026-03-02
TAX INVOICE NO	544579147707
ACCOUNT MONTH	FEBRUARY 2026
CURRENT DUE DATE	2026-04-01
VAT REG NO	4370102313

TAX INVOICE

E-MAIL: tsoilwa@solplaatje.org.za

ACCOUNT TRANSACTION SUMMARY			
ADMINISTRATION CHARGE		R	550.76
TRANSMISSION NETWORK CAPACITY		R	1,065,600.00
DIST. NETWORK CAPACITY CHARGE		R	1,802,640.00
NETWORK DEMAND CHARGE		R	743,629.15
URBAN LOW VOLTAGE SUBSIDY		R	247,530.00
ANCILLARY SERVICE (ALL)		R	127,858.84
GENERATOR CAPACITY CHARGE		R	717,050.00
LEGACY CHARGE (ALL)		R	7,232,663.81
ENERGY CHARGE (STD)	14,534,398.00	R	21,531,257.20
ENERGY CHARGE (PEAK)	5,912,953.00	R	15,578,857.27
ENERGY CHARGE (OFF)	14,109,093.00	R	14,928,831.30
SERVICE CHARGE		R	31,805.76
ELECTRIFICATION AND RURAL SUBS (ALL)		R	1,734,733.49
TOTAL CHARGES FOR BILLING PERIOD		R	65,743,017.58
ACCOUNT SUMMARY FOR FEBRUARY 2026			
BALANCE BROUGHT FORWARD	(Due Date 2026-03-04)	R	1,081,269,299.65
PAYMENT(S) RECEIVED	Cash - 2026-02-26	R	-30,000,000.00
PAYMENT(S) RECEIVED	Cash - 2026-02-27	R	-58,134,880.12
TOTAL CHARGES FOR BILLING PERIOD		R	65,743,017.58
ADJUSTMENT	Interest on overdue payment arrangement debt	R	349,781.75
ADJUSTMENT	Interest on overdue account	R	5,412,722.16
PAYMENT ARRANGEMENT	5447737377 (Balance o/s R 29,062,000.00)	R	6,700,000.00
VAT RAISED ON ITEMS AT 15%		R	9,861,452.64
CURRENT			
88,066,974.13	TOTAL DUE	R	1,081,201,393.66
ARREARS			
>90 DAYS	81-90 DAYS	31-90 DAYS	18-30 DAYS
808,283,056.85	0.00	90,016,482.56	94,834,880.12
Total outstanding debt must be settled immediately, subject to disconnection without further notice			

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

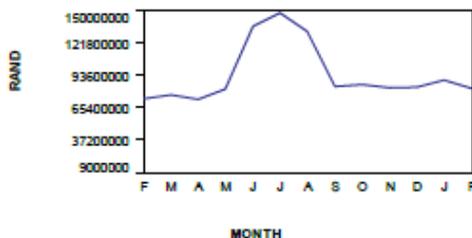
27215700154494078984



>>>>>>> 9207 2544 9407 8987



TOTAL AMOUNT DUE
1,081,201,393.66



PAGE RUN NO	EE 53
BILL GROUP	
BILL PAGE	1 OF 2

PAYMENT ARRANGEMENT	
INSTALMENT	6,700,000.00
ARREARS (Due immediately)	993,134,419.33
DUE DATE (For Current Amount)	2026-04-01
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 February 202. The total payments made by the municipality amounted to R88 million.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

26/02/2026

SUPPLIER No: SESH01

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

FAX NO:

VOUCHER NO: CATZ000016

CHEQUE/ELE NO: 77076941

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/02/2026	SUN	544006213713	21492064.16		3223809.62	24715873.78
02/02/2026	SUN	544006213713	5284126.22		0.00	5284126.22

SUB TOTAL: 3223809.62 30000000.00
3223809.62 30000000.00

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

COMPILED BY...:

CHECKED BY...:

AUTHORISED BY:

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

27/02/2026

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: CATZ000017

CHEQUE/ELE NO: 77076944

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
02/02/2026	SUN	544006213713	50552069.67		7582810.45	58134880.12

SUB TOTAL: 7582810.45 58134880.12

7582810.45 58134880.12

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 M08 – February 2026 pertaining to electricity.

	2026	
	M08	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Deposits	-93,536,158	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	39,593,320	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	53,821,964	93,415,284
Expenditure:Bulk Purchases:Electricity:ESKOM	39,593,320	

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

Datastrings & FMS Recon - Feb 2026 M08	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
BULK PURCHASES:ELECTRICITY:ESKOM	154,656,520.10	115,063,199.71	39,593,320.39	Bulk Purchases vote reconciles to datastrings
Combined vouchers	77,328,260.05	-	77,328,260.05	
Cheque No : 77076941 Bank No : 901	26,776,190.38	-	26,776,190.38	Payment of the January 2025 invoice
Cheque No : 77076944 Bank No : 901	50,552,069.67	-	50,552,069.67	
Ledger Journals	-	37,734,939.66	-37,734,939.66	
CORRECTION INTEREST ON OVERDUE ACC ESKOM BULK JUL 2025 TO	-	37,734,939.66	-37,734,939.66	Journal processed for incorrect allocation of interest on overdue accounts on the bulk Eskom account
Sundry Accruals	77,328,260.05	-	77,328,260.05	
Sundry CATA014103	77,328,260.05	-	77,328,260.05	
Sundry Accruals Reversals	-	77,328,260.05	-77,328,260.05	
Cheque No : 77076941 Bank No : 901	-	26,776,190.38	-26,776,190.38	
Cheque No : 77076944 Bank No : 901	-	50,552,069.67	-50,552,069.67	
Grand Total	154,656,520.10	115,063,199.71	39,593,320.39	

Datastrings & FMS Recon - Feb 2026 M08	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
ELECTRICITY BULK PURCH ACC 01:WITHDRAWAL	93,415,284.72	-	93,415,284.72	Withdrawal vote reconciles to datastrings
Create Cheque 77076616 Voucher No CATA014061	93,625.15	-	93,625.15	Payment of minor Eskom accounts
Create Cheque 77076617 Voucher No CATA014062	16,304.33	-	16,304.33	
Create Cheque 77076630 Voucher No CATA014077	8,011.41	-	8,011.41	
Create Cheque 77076631 Voucher No CATA014078	444.91	-	444.91	
Create Cheque 77076805 Voucher No CATA014102	140,405.25	-	140,405.25	
Create Cheque 77076806 Voucher No CATA014104	8,211.70	-	8,211.70	
Create Cheque 77076807 Voucher No CATA014121	15,959.98	-	15,959.98	
Create Cheque 77076808 Voucher No CATA014125	47,518.46	-	47,518.46	
Create Cheque 77076809 Voucher No CATA014126	15,327.19	-	15,327.19	
Create Cheque 77076904 Voucher No CATA014133	441.20	-	441.20	
Create Cheque 77076917 Voucher No CATA014122	4,881,894.95	-	4,881,894.95	
Create Cheque 77076935 Voucher No CATA014171	52,260.07	-	52,260.07	
Create Cheque 77076941 Voucher No CATZ000016	30,000,000.00	-	30,000,000.00	
Create Cheque 77076944 Voucher No CATZ000017	58,134,880.12	-	58,134,880.12	
ELECTRICITY BULK PURCHASE ACC 01:DEPOSIT	93,415,284.72	186,951,442.28	-93,536,157.56	Deposits vote reconciles to datastrings
Create Cheque 77076616 Voucher No CATA014061	93,625.15	93,625.15	-	
Create Cheque 77076617 Voucher No CATA014062	16,304.33	16,304.33	-	
Create Cheque 77076630 Voucher No CATA014077	8,011.41	8,011.41	-	
Create Cheque 77076631 Voucher No CATA014078	444.91	444.91	-	
Create Cheque 77076805 Voucher No CATA014102	140,405.25	140,405.25	-	
Create Cheque 77076806 Voucher No CATA014104	8,211.70	8,211.70	-	
Create Cheque 77076807 Voucher No CATA014121	15,959.98	15,959.98	-	
Create Cheque 77076808 Voucher No CATA014125	47,518.46	47,518.46	-	
Create Cheque 77076809 Voucher No CATA014126	15,327.19	15,327.19	-	
Create Cheque 77076904 Voucher No CATA014133	441.20	441.20	-	
Create Cheque 77076917 Voucher No CATA014122	4,881,894.95	4,881,894.95	-	
Create Cheque 77076935 Voucher No CATA014171	52,260.07	52,260.07	-	
Create Cheque 77076941 Voucher No CATZ000016	30,000,000.00	30,000,000.00	-	
Create Cheque 77076944 Voucher No CATZ000017	58,134,880.12	58,134,880.12	-	
Sundry CATA014061 Creditor Control	-	93,625.15	- 93,625.15	Invoices for minor Eskom accounts
Sundry CATA014062 Creditor Control	-	16,304.33	- 16,304.33	
Sundry CATA014077 Creditor Control	-	8,011.41	- 8,011.41	
Sundry CATA014078 Creditor Control	-	444.91	- 444.91	
Sundry CATA014102 Creditor Control	-	140,405.25	- 140,405.25	
Sundry CATA014103 Creditor Control	-	88,134,880.12	- 88,134,880.12	Invoice for January 2026
Sundry CATA014104 Creditor Control	-	8,211.70	- 8,211.70	Invoice for minor Eskom accounts
Sundry CATA014121 Creditor Control	-	15,959.98	- 15,959.98	
Sundry CATA014122 Creditor Control	-	4,881,894.95	- 4,881,894.95	Invoice for Riverton account
Sundry CATA014125 Creditor Control	-	47,518.46	- 47,518.46	Invoices for minor Eskom accounts
Sundry CATA014126 Creditor Control	-	15,327.19	- 15,327.19	
Sundry CATA014133 Creditor Control	-	441.20	- 441.20	
Sundry CATA014170 Creditor Control	-	103,142.52	- 103,142.52	
Sundry CATA014171 Creditor Control	-	52,260.07	- 52,260.07	
Sundry CATA014183 Creditor Control	-	3,154.57	- 3,154.57	
Sundry CATA014184 Creditor Control	-	9,247.29	- 9,247.29	
Sundry CATA014185 Creditor Control	-	5,328.46	- 5,328.46	
Grand Total	186,830,569.44	186,951,442.28	- 120,872.84	

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 accounts for January 2026 which was due and payable on or before the 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: ;				
Contract No: 10087405 (25014305/13)				
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
	Subtotal			22,315,253.79
	WRL	3560,994.00	8.08	287,728.32
	Total Charges			22,602,982.11

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: ;				
Contract No: 10087405 (25014305/13)				
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
	Subtotal			5,253,109.04
	WRL	838,273.67	8.08	67,732.51
	Total Charges			5,320,841.55

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

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: Property Number: Registration Division: Portion Number: Title Deed: Water Use Details: WMA: ; Legal Sector Code: ; Water Use Sector: Water Source Type: ;				
Contract No: 10087405 (25014305/13)				
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
	Subtotal			2,151,126.87
	WRL	343,269.67	8.08	27,736.19
	Total Charges			2,178,863.06

- ii) Indicated below, is the DWS Bulk current invoices for February 2026, which is due and payable, on or before 30 March 2026.

Page 1 of 1

NWRI Customer Ref no: 60005150
 Customer No: 25014305
 Contract Acc. No: 100478320
 Document No: 412808084
 Document Date: 28.02.2026
 Payment Terms: 30 Days
 Due Date: 30.03.2026
 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/BA Registered/Consumed	Unit Price (c/m3/BA)	Amount (Rand)
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Property Details: Property Name: DROOGFONTEIN; Property Number: 6866; Registration Division: KIMBERLEY RD;
 Portion Number: 1; Title Deed: T16761/1921
 Water Use Details: WMA: VAAL; Legal Sector Code: 21A Tk water fr a water resource;
 Water Use Sector: DOMESTIC & INDUSTRIAL;
 Water Source Type: SCHEME;
 Contract No: 10087405 (25014305/13)
 Serv.Vol-9,125,000.40; YtD Consumed Vol:33003,201.66
 Water Use Period: 01.02.2026 to 28.02.2026

Consumptive (O&M)		3,425,044.00	38.68	1,324,807.02
Consumptive (ROA)		3,425,044.00	34.37	1,177,187.62
Consumptive (Depr)		3,425,044.00	20.22	692,543.90
TCTA (AMD)		3,425,044.00	8.45	289,416.22
TCTA (LHWP)		3,425,044.00	443.20	15,179,795.01
Plus 15.00% VAT				2,799,562.47
Subtotal				21,463,312.24
WRL(0%VAT)		3,425,044.000	8.08	276,743.56
WRL(0%VAT)		0.000	0.00	0.00
Total Charges				21,740,055.80

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

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

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

- iii) There is no proof of payment for DWS because the municipality had insufficient cash to settle the current account for January 2026, however the municipality made a payment of R20 million on the September 2025 invoice.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

DEPARTMENT OF WATER AND SANITATION
PRIVATE BAG X313
PRETORIA
0001

11/02/2026

SUPPLIER No: SWAT01

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

FAX NO:
VOUCHER NO: CATA013712

CHEQUE/ELE NO: 77076700

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
30/09/2025	SUN	412753193	17206955.19		2581043.28	19787998.47
30/09/2025	SUN	412753193	255142.40		0.00	255142.40

SUB TOTAL: 2581043.28 20043140.87

2581043.28 20043140.87

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

COMPILED BY..:

CHECKED BY...:

AUTHORISED BY:

- 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 M08 – February 2026).

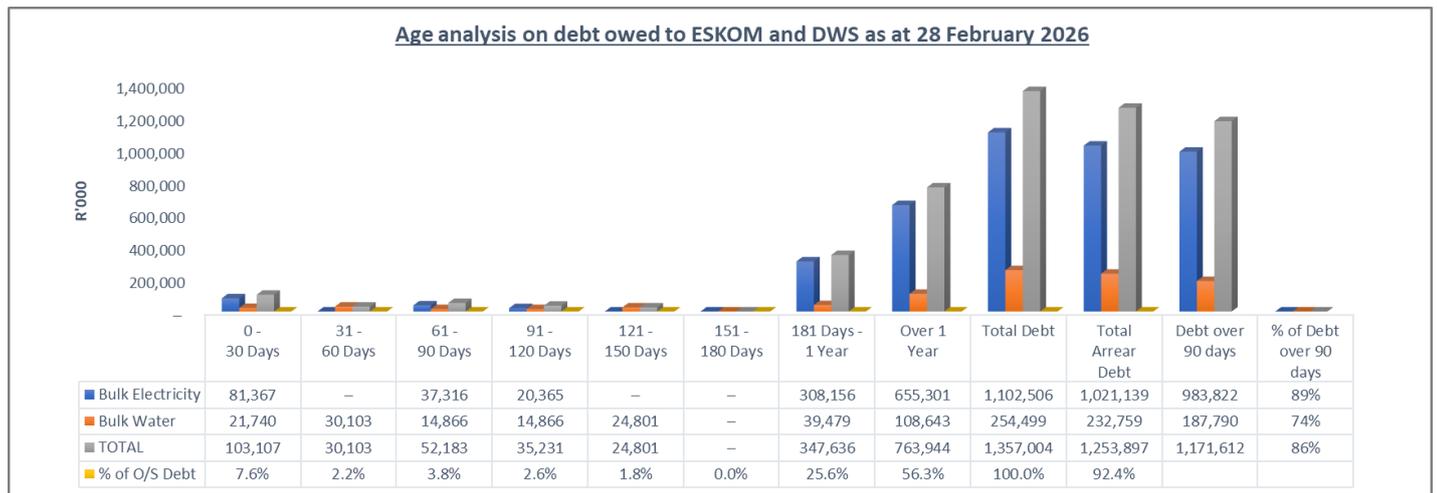
	2026	
		M08
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Deposits	-29,355,550	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	-8,880,661	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	28,923,802	20,043,141
Assets:Current Assets:Inventory:Water:System Input Volume:Bulk Purchases	25,156,860	

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

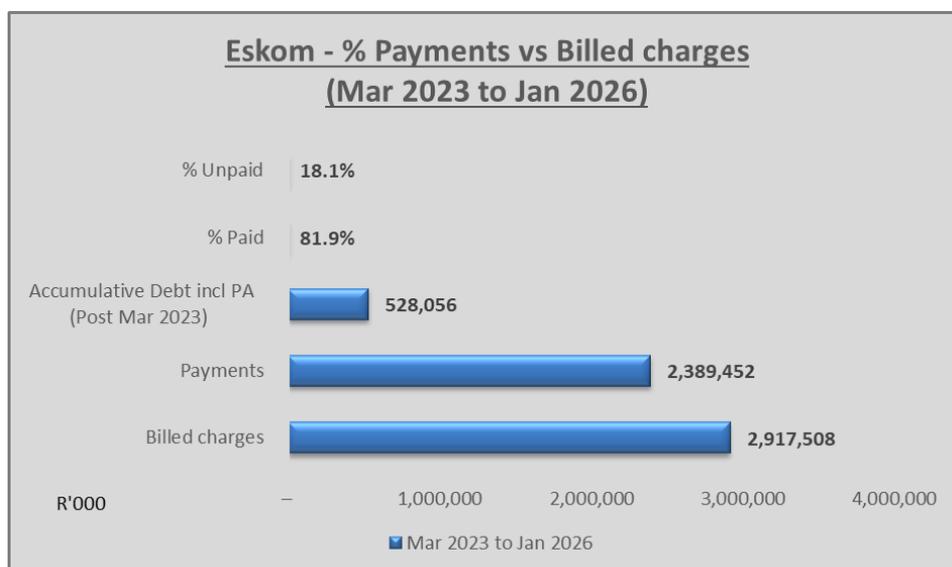
Datastrings & FMS Recon - Feb 2026 M08	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER:INPUT VOL: BULK PURCHASES	42,363,815.42	17,206,955.19	25,156,860.23	Water:Input Vol: Bulk Purchases vote reconciles to datastrings
Sundry Accruals	25,156,860.23	-	25,156,860.23	
SORA01:ORANJE RIET WATER USERS ASSOCIATION	76,477.61	-	76,477.61	Payment for Oranje Riet Water Association
SWAT01:DEPARTMENT OF WATER AND SANITATION	25,080,382.62	-	25,080,382.62	Outstanding invoices for Oct 2025, Dec 2025 and Jan 2026
Sundry Accruals Reversals	-	17,206,955.19	-17,206,955.19	
SWAT01 : DEPARTMENT OF WATER AND SANITATION	-	17,206,955.19	-17,206,955.19	
Sundry Payments	17,206,955.19	-	17,206,955.19	
SWAT01 : DEPARTMENT OF WATER AND SANITATION	17,206,955.19	-	17,206,955.19	Payment of the September 2025 invoice
Grand Total	42,363,815.42	17,206,955.19	25,156,860.23	

Datastrings & FMS Recon - Feb 2026 M08	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER BULK PURCHASE:DEPOSITS	20,043,140.87	49,398,690.90	- 29,355,550.03	Deposits vote reconciles to datastrings
Create Cheque 77076700 Voucher No CATA013712	20,043,140.87	20,043,140.87	-	
Sundry CATA014060 Creditor Control	-	14,866,092.88	- 14,866,092.88	Invoice for Dec 2025
Sundry CATA014178 Creditor Control	-	141,221.50	- 141,221.50	Minor DWS accounts
Sundry CATA014179 Creditor Control	-	2,178,863.06	- 2,178,863.06	Invoice for January 2026
Sundry CATA014180 Creditor Control	-	5,320,841.55	- 5,320,841.55	Invoice for January 2026
Sundry CATA014181 Creditor Control	-	6,848,531.04	- 6,848,531.04	Invoice for October 2025
WATER BULK PURCHASE:WITHDRAWALS	20,043,140.87	-	20,043,140.87	Withdrawal vote reconciles to datastrings
Create Cheque 77076700 Voucher No CATA013712	20,043,140.87	-	20,043,140.87	Payment of the September 2025 account
Grand Total	40,086,281.74	49,398,690.90	- 9,312,409.16	

vii) Total outstanding debt owed to Eskom and DWS as at 28 February 2026



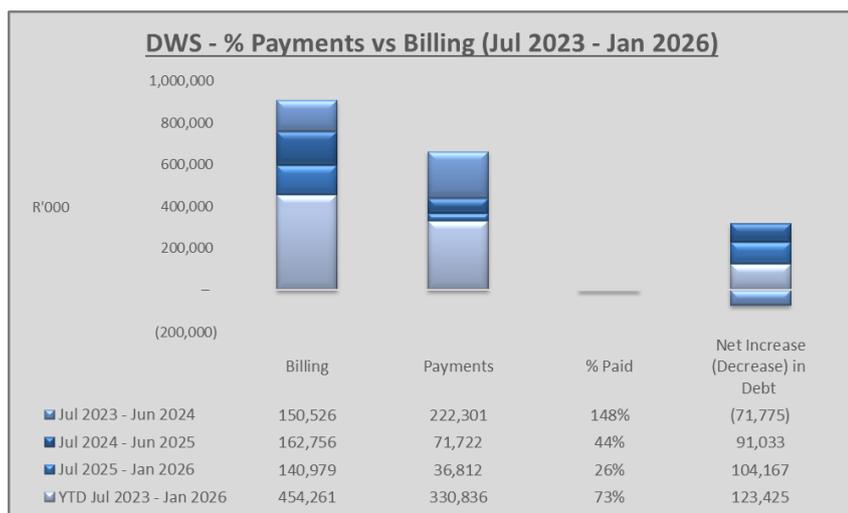
Please refer to section 4.2 for more in-depth information of the debt owed to Eskom and DWS.



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

The total billed charges for the period amounted to R2,917,508 billion, and payments made amounted to R2,389,452 billion. For the period the municipality managed to settle 81.9% 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 January 2026. The February 2026 account is excluded as it not yet due and payable.

The total billing for the period amounted to R454,261 million, and payments made amounted to R330,836 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 R104,167 million. The net increase in outstanding debt amounts to R123,425 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 - February 2026
<p>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)</p>	<p>6.3.1 The municipality must monthly pay and maintain its Eskom bulk current account and bulk water current account - Department of Water and Sanitation (DWS), within 30 days of receiving the relevant invoice</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>Compliant - ESKOM During the month of February 2026, the municipality settled the January 2026 current account in full, amounting to R88 million. Partially Compliant - DWS The municipality did not have sufficient cash available to settle the current account for Water for January 2026 amounting to R30 million, however the municipality settled an amount of R20 million on the September 2025 account.</p>
	<p>6.3.1 (a) At a minimum, pay the monthly debt instalment on 5th of each month as per signed debt agreement with DWS. (b) Pay the monthly debt instalment of R6,700m to Eskom with the current account</p>	<p>Monthly, 5th of each month</p>		<p>Non-Compliant - ESKOM The municipality had insufficient cash available from operations to settle R6.7m instalment on the ESKOM payment arrangement as at the end of February 2026. Non-compliant - DWS The municipality had insufficient cash available from operations to settle the debt repayment instalment to DWS of R6m on or before 5th of March 2026.</p>
	<p>6.3.2 Submit the supporting evidence of the bulk Eskom current account payment to the National Treasury, Eskom and DWS, within 1 day of making any such payment</p>	<p>Within 1 day after making payment</p>	<p>Proof of payment and proof of email submission</p>	<p>Compliant Email was sent within one day late after making payment to ESKOM.</p>
	<p>6.3.3 Submit the proof of payment to the National Treasury in PDF format via the GoMuni Upload Portal to substantiate that payment was made.</p>	<p>Monthly, within 10 working days after month end</p>	<p>GoMuni Status of Schedule of Revenue Documents Submissions Report</p>	<p>Compliant Proof of Payments made in February 2026 was uploaded onto GoMuni on 06 March 2026.</p>
	<p>6.3.4 - The amount as per the proof of payment must reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom and DWS</p>	<p>Monthly, within 10 working days after month end</p>	<p>Monthly financial data strings</p>	<p>Compliant Transactions as per the ledger reconciles with the monthly datastrings. However minor account payments for Eskom and DWS are posted to the same bulk control votes. Erroneous transactions will be journalised, where applicable. Disclosure issue - the capturing of the current invoice on the system is problematic because it is only received in the new month and captured after month-end closure, resulting in a misalignment between the YTD actual and outstanding creditor amount.</p>

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - February 2026
6.6 Electricity and Water Collection (Demonstration through by-laws and budget related policies)	6.6.1 Issue monthly billing and allocate payment received from customers in the following priority order: (1) Property Rates (2) Water (3) Waste Water (4) Refuse Removal and (5) Electricity	Monthly	Monthly billing reconciliation / Financial system generated hierarchy allocation report	Compliant Priority of order of allocations was corrected on the system. This is a once-off correction that the system will apply when payments are made.
	6.6.2 The municipality is disconnecting electricity services and/or blocking the purchasing of pre-paid electricity of any defaulting consumer/property owner	Monthly	Number of disconnected / blocked meters	Prepaid disconnections = 1,309 Conventional disconnection = 70
	6.6.3 The municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner	Monthly	Number of restricted / interrupted supply	Due to the fact that our 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).
	6.6.4 If the defaulting consumer/ property owner is registered as an indigent consumer with the municipality, the monthly supply of electricity and water to that consumer/property owner must be physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively.	Monthly	No of indigent consumers	Partially compliant Current meters do not have the capability to apply restrictions. Technical analysis is required to implement this functionality. Partially compliant as all indigents have prepaid electricity meters and therefore cannot build up debt on electricity.
6.7 Maintain a minimum average quarterly collection of property rates and services charges	6.7.1 The municipality must strictly enforce its credit control and debt management related policies and achieve a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter. Although the norm and standard for collection rate according to MFMA Circular No. 71 indicates a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm	Monthly (Internal) and Quarterly (Debt Relief)	Collect R11,112 million daily over 22-day period, to achieve an average quarterly collection of 80% (Monthly S71 Revenue Collection Ward Template)	Non-Compliant Monthly S71 Revenue Collection rate per Ward for Property rates and Services only = 70%. Quarterly S71 Revenue Collection rate per Ward outcome Q2 = Not yet end of the quarter Municipality's average collection rate = 83.4% (Prepaid electricity sales and allocated credits are included) Achieved Average daily cash collection for February 2026, was R11,196m.
	6.7.2 If the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality must demonstrate to the satisfaction of the National Treasury the reasons or that – 6.7.2.1 Underperformance directly relates to Eskom Supplied areas 6.7.2.2 Physical restriction and/or limit of supply of water is due to Technical Engineering reason(s) 6.7.2.3 The municipality has attempted to enter into SLA with Eskom for Eskom Supplied Areas and document reason(s) for failure	Quarterly	Monthly S71 Revenue Collection Ward Template	Ritchie is a small poor community and will not have a significant impact on the collection rate.
	6.7.3 Install progressively smart prepaid meters in municipal supplied areas (Electricity)	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0 Q4: 2,000 (As per SDBIP)	Smart meter project is completed. YTD installations until 31 March 2025 = 15,328

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - February 2026
6.7 Maintain a minimum average quarterly collection of property rates and services charges	6.7.3 Install progressively smart prepaid meters in municipal supplied areas (Water)	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0 Q4: 2,000 (As per SDBIP)	Zero smart prepaid water meters were installed.
	6.7.4 All new electricity connections from 2023/24 MTREF must be smart-pre-paid meters	Quarterly	Report on the number of new connections installed with smart prepaid electricity meters	Smart meter project is completed. YTD installations until 31 March 2025 = 15,328
6.8 Completeness of the revenue base	6.8.1 The municipality must demonstrate by completing the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer and demonstrate the steps taken to correct the variances identified; and	Quarterly	GVR Reconciliation & GoMuni Status of Schedule of Revenue Documents Submissions Report	Compliant GVR reconciliation for the second quarter was completed on 12 February 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			Compliant GVR reconciliation was submitted on 12 February 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	Compliant Report included in the monthly S71 report for February 2026 as per guideline from NT.
	6.9.2 If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?			
	6.9.3 Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, it must monthly report its progress in implementing its FRP to the Provincial Executive			
6.10 Provincial Treasury's Certification of municipal compliance	6.10 Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA to be performed by the relevant PT			
	Executive Management Team (EMT) to review the National Treasury: Local Government Budget Analysis (NT: LGBA) compliance certification for the prior month and take immediate remedial action	Monthly, within 1 days after issue	NT: LGBA Compliance Certification	The municipality received the compliance certificate for January 2026. 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	6.12.1 Open a separate investment account to serve as a sub-account	Once-off	Investment account confirmation	Compliant A call deposit account to serve as a sub-account was opened on 13 November 2023 with our primary banker. Sub-account account is no longer

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - February 2026
ensure proper management of resources)				required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No.124
	<p>6.12.1 must apportion and ring-fence in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation</p>	Funds to be invested weekly and withdrawn monthly	Investment account and primary bank statement	<p>Finalised Daily process developed to identify amounts received per service. EQS portion to be considered on a monthly basis, once subsidies have been allocated on the system. Partially Compliant The ESKOM current account was paid in full, directly from the Primary bank account. A payment of R20m 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>6.12.2 must monthly first apply the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it may apply the revenue in the sub-account for any other purpose.</p>	Monthly	Investment account and bank statement and proof of payment aligned to actual receipts	<p>Partially Compliant The ESKOM current account was paid in full, directly from the Primary bank account. A payment of R20m 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>Compliant Investment account statement no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124. Primary bank account statement was uploaded onto GoMuni. Payments made directly from Primary bank account.</p>

17. Recommendations

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

1. The monthly budget statement (S71 Report) for the month of February 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 January 2026.
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 28 February 2026 amounts to R43,497 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.

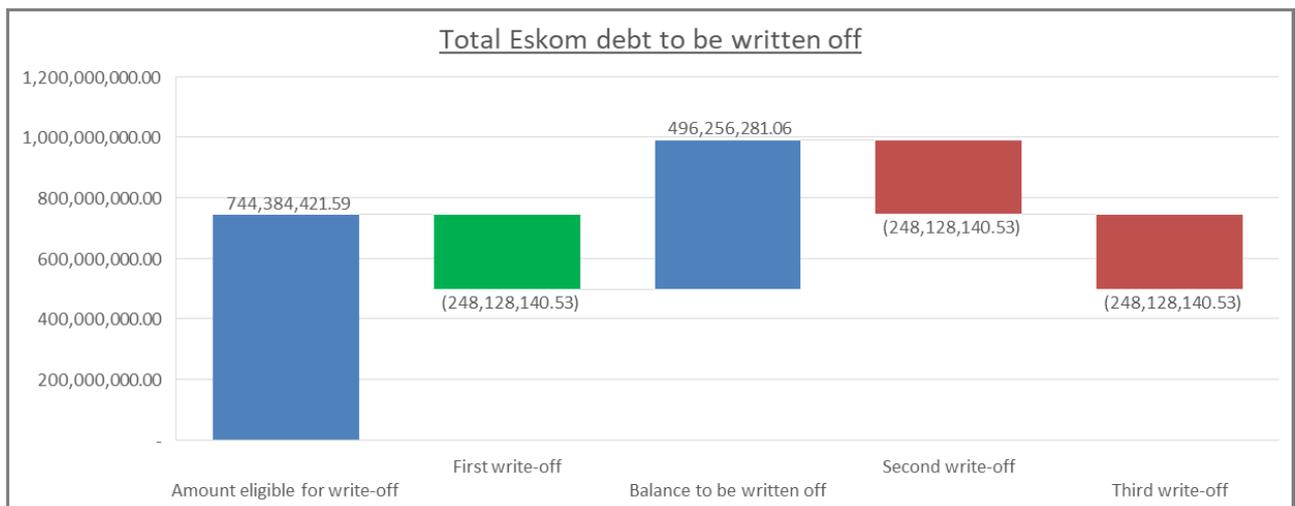
Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments Payment Arrangement	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,333,011.78	R -	R -	R -	R 273,911.75
Aug-24	R 127,600,942.44	R 127,600,942.44	R -	R 6,700,000.00	R 6,700,000.00	R 154,610.92
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
Jan-26	R 88,134,880.12	R 88,134,880.12	R -	R -	R -	R 5,284,126.22
TOTAL ESKOM	R 1,751,459,917.40	R 1,340,648,429.14	R 410,811,488.26	R 113,900,000.00	R 524,711,488.26	R 57,124,362.44

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 and January 2026 amounting to a combined total of **R232,758,620.94** 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 **R218,054,940.48**, 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 20,043,140.87	R -	R -	R -	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 -
Jan-26	R 30,102,686.72	R -	R 30,102,686.72	R -	R 30,102,686.72	R -
TOTAL WATER	R 304,997,065.15	R 72,238,444.21	R 232,758,620.94	-R 14,703,680.46	R 218,054,940.48	R -

13. Municipal Debt Relief Benefit

The total debt eligible for write-off, over the 3-year period amounts to **R744,384,421.59**. National Treasury approved the write-off of one third (1/3) of the municipal debt amounting to **R248,128,140.53**. Should the municipality fail to comply with the conditions and fail to settle the accumulative arrears, the debt relief benefit that the municipality will forfeit is R496 million. This will be a serious blow to the municipality's finances and will have severe repercussions on the already critical cashflow position. On the DWS debt agreement, the municipality run the risk of being removed from the Department's Debt Incentive Scheme and forfeit the R14m interest write-off. The Department will also resume in charging interest on the cumulative arrear debt. This will result in an increase in Fruitless and wasteful expenditure incurred for the year.



18. Municipal Manager's quality certification

Quality Certificate

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

the Monthly Budget Statement

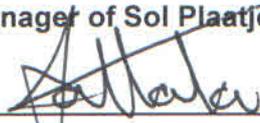
Quarterly Report on the implementation of the budget and financial state affairs
of the municipality

Mid-year Budget and Performance Assessment

For the month of **February 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: 11 /03/2026



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

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

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

Email: BMatlala@solplaatje.org.za

Dear Mr Matlala and Mr Ramjathan

MFMA CIRCULAR NO.124 – MUNICIPAL DEBT RELIEF NATIONAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF NC091 SOL PLAATJE LOCAL MUNICIPALITY DURING JANUARY 2026

Sol Plaatje Local Municipality has concluded the second compliance cycle of the Municipal Debt Relief Programme (MDRP) with a compliance score of 71% for January 2026, reflecting meaningful progress in governance structures and financial reporting discipline. This outcome signals that foundational reforms—particularly in budget preparation, in-year financial reporting, and the operational effectiveness of oversight structures—are beginning to take hold. Council committees are engaging with greater regularity, and the documentation of key financial decisions has improved markedly, providing a more transparent and accountable decision-making environment. These governance gains establish a credible platform upon which further institutional strengthening can be built under the MDRP framework.

Notwithstanding these administrative improvements, the Municipality continues to face significant financial pressure stemming from persistently weak revenue collection performance. Historical collection rates averaged 60% in Q1 and 61% in Q2 of the compliance cycle, substantially below the MDRP's 95% benchmark. Preliminary data for January 2026 indicates a collection rate of 67%, representing a slight improvement and suggesting that targeted interventions may be yielding results. However, this performance remains 26 percentage points short of the required threshold, and until such improvement is sustained over multiple reporting periods, it cannot be regarded as a definitive turnaround. Sub-benchmark collection performance continues to constrain liquidity, compromise service delivery capacity, and delay progress toward financial self-sufficiency.

Of particular and urgent concern is the outstanding balance on the Eskom current account. In terms of the explicit conditions of the MDRP, any outstanding balance on this account automatically disqualifies the Municipality from accessing the second-cycle debt write-off. Based on current records, this condition has not



been met, and as a result, the Municipality will not qualify for the second-cycle write-off. This is a material setback with significant fiscal implications. It would be irresponsible of Management to allow this once-off opportunity to reduce the Municipality's debt burden with Eskom to lapse without exhaustive remedial action. The write-off represents a critical fiscal intervention designed to support municipalities on a credible recovery path; failing to leverage this mechanism due to non-settlement of the current account constitutes a failure of strategic stewardship and exposes the Municipality to continued creditor risk, potential service disruptions, and diminished institutional credibility.

To mitigate further exposure and position the Municipality favourably for any future relief considerations, Management must execute a focused set of strategic actions with urgency. Credit control measures must be enforced uniformly across all customer categories, insulated from external interference, to restore discipline in revenue management. Payments toward the Eskom current account must be prioritised and ring-fenced as a non-negotiable operational imperative, with clear accountability assigned to ensure immediate and sustained settlement. Concurrently, practical debt recovery interventions and account restructuring for the Municipality's largest debtors—those representing many outstanding arrears—must be accelerated to improve cash flow. Finally, monthly monitoring of collection rates, arrears aging trends, and Eskom account status must be embedded into standard governance reporting routines to enable proactive decision-making and timely course correction.

Condition 6.1 – Municipality non-compliance

The January 2026 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.

The first structural failure relates to inconsistent enforcement of credit control measures. 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 to consumers that payment is optional. The result is a self-reinforcing cycle wherein irregular enforcement breeds non-compliance, which deepens revenue shortfalls, which further undermines enforcement capacity. To correct this, 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, with clear accountability for execution assigned to senior revenue officials.

The second structural failure concerns the disconnect between governance resolutions and administrative execution. Council has demonstrated political commitment through MDRP-aligned resolutions and formal undertakings. However, commitment without execution constitutes 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. To address this, MDRP compliance must be embedded into the machinery of governance. A standing Council agenda item with structured performance dashboards should be instituted, alongside a formal 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, with the Municipal Manager reporting directly on implementation progress against agreed milestones.

The third structural failure involves the management of bulk service provider payments, which serve as a proxy for institutional 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. To rectify this, Eskom and Water Board accounts must be treated as non-negotiable payment priorities. Ring-fenced cash-flow protocols should be implemented to allocate funds to these creditors before discretionary expenditure, and dual-level monitoring—administrative on a weekly basis and Council on a monthly basis—must be introduced to ensure payments align precisely with agreed terms. Failure to institutionalise these protocols will continue to expose the Municipality to creditor enforcement action, service disruption risk, and disqualification from future debt relief mechanisms.

NC091 Sol Plaatje Local Municipality overall relief performance for January 2026 :

Municipal Details		Monthly Performance Report																Scoring and Rating								
		Part A				Part B				Part C		Part D				Part E										
Month	Code/Descr	C11	C12	C13	C14	C17	C18	C19	C20	C23	C24	C27	C28	C29	C30	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	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	80%	Above Moderate
26 August 25	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	83%	Above Moderate
27 September 25	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance
28 October 25	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	82%	Above Moderate
29 November 25	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance
30 December 25	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	83%	Above Moderate
31 January 26	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance
1 February 26	Sol Plaatje NC091	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed
3 March 26	Sol Plaatje NC091																								0%	Not completed
3 April 26	Sol Plaatje NC091																								0%	Not completed
15 May 26	Sol Plaatje NC091																								0%	Not completed
16 June 26	Sol Plaatje NC091																								0%	Not completed
17 July 26	Sol Plaatje NC091																								0%	Not completed
18 August 26	Sol Plaatje NC091																								0%	Not completed
19 September 26	Sol Plaatje NC091																								0%	Not completed
40 October 26	Sol Plaatje NC091																								0%	Not completed
41 November 26	Sol Plaatje NC091																								0%	Not completed

Sol Plaatje Local Municipality is formally advised that its continued failure to settle outstanding obligations to Eskom during the second Municipal Debt Relief Programme (MDRP) compliance cycle constitutes a material breach of programme conditions as stipulated in MFMA Circular No. 124. While the Municipality achieved a compliance score of 71% for January 2026—reflecting demonstrable progress in governance frameworks and financial reporting disciplines—this advancement is materially compromised by the inability to meet its most fundamental operational obligation: payment for bulk electricity services currently consumed.

The Eskom current account remains outstanding notwithstanding repeated management undertakings to effect settlement. This is not an administrative delay but a direct contravention of a non-negotiable MDRP prerequisite. Within the programme's framework, settlement of current bulk service accounts functions as a gateway condition, not an aspirational target. Absent full compliance, the approved second-cycle debt write-



off is automatically withheld, and all further consideration of debt relief is suspended indefinitely. This conditionality is explicit, non-discretionary, and central to the programme's design.

Revenue collection performance further compounds this breach. Collection rates registered 60% in the first quarter and 61% in the second quarter of the compliance cycle. While preliminary data for January 2026 indicates a collection rate of 58%, this remains below the MDRP's 95% benchmark. This persistent shortfall reflects deeper systemic deficiencies: inconsistent application of disconnection protocols, inadequate arrears management, and a credit control environment lacking enforcement credibility. The resultant dynamic is a self-reinforcing cycle of constrained revenue and eroded liquidity to fund core operational expenditures.

The implications extend beyond National Treasury's compliance assessment. Persistent non-payment to Eskom elevates the risk of supply interruption, with direct consequences for water pumping infrastructure, sanitation systems, and other essential municipal services reliant on electrical supply. Institutional credibility is further undermined as residents and businesses observe the Municipality defaulting on its own service obligations while enforcing payment demands on its customer base. Oversight bodies—including the Provincial Treasury and the Municipal Public Accounts Committee—have formally flagged this pattern as indicative of unsustainable financial management practices requiring immediate executive intervention.

Partial or deferred payments to Eskom are expressly incompatible with MDRP conditions. The framework requires full and timely settlement of current obligations as demonstrable evidence of restored financial discipline. Any deviation from this standard invalidates the foundational premise upon which debt relief was extended and signals that the behavioural and operational changes necessary for sustainable recovery have not been institutionalised.

To restore compliance and preserve eligibility for current and future relief mechanisms, three actions are non-negotiable. First, the Eskom current account must be settled in full of immediate effect, with all subsequent payments executed strictly in accordance with agreed terms and supported by verifiable proof of payment. Second, credit control enforcement must be applied consistently and without exception: disconnection protocols must be implemented uniformly across all consumer categories, triggered by objective policy criteria rather than discretionary or political considerations. Third, collection performance must demonstrate verifiable, month-on-month improvement toward the 95% benchmark, underpinned by weekly internal monitoring and transparent reporting to Council and oversight institutions.

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

Sol Plaatje Local Municipality has obtained definitive authorization to enter the Municipal Debt Relief Programme, a status achieved through merit rather than privilege. This endorsement by National Treasury follows a pivotal Council resolution and evidences a strategic pivot from reactive stabilization to structured financial rehabilitation. The transition from provisional to confirmed standing indicates more than adherence to regulatory protocols; it demonstrates a fundamental transformation in organizational culture, moving away from emergency intervention toward systematic economic recovery.



The pathway to this designation involved a rigorous diagnostic review of internal capacities. Leadership addressed structural vulnerabilities without evasion, converting assessment findings into a strategic framework for reform. Fiscal rigor is now positioned not as a limitation, but as the foundational requirement for consistent service provision. Deficiencies in internal controls have been rectified, revenue mechanisms have been realigned, expenditure workflows have been audited, and governance structures have been recalibrated to prioritize accountability over rhetoric.

Implementation has progressed across four key dimensions. Governance architecture now features integrated reporting that informs political oversight proactively, ensuring Council receives accurate fiscal intelligence prior to escalation. Resource allocation has shifted from compliance-driven budgeting to strategic prioritization, embedding cost containment within planning phases. Furthermore, performance tracking serves as a real-time diagnostic tool rather than a retrospective compliance check, enabling immediate intervention when deviations from MDRP milestones occur.

Condition 6.3 – Maintaining the Eskom bulk current account

The Municipality's participation in the Municipal Debt Relief Programme is classified as "Overdue" with a "Standard Breach" designation as of January 31, 2026. Following programme approval on October 30, 2023, the ring-fenced Eskom debt stood at R744 million, of which R248 million has been written off under the phased relief mechanism, leaving a net ring-fenced balance of R496 million. However, R56 million in residual new arrear debt has accumulated alongside R368 million in post-approval debt growth. The current outstanding balance totals R195 million across four accounts, with payments exceeding three months in arrears. This trajectory fundamentally undermines the debt relief intervention's purpose and has triggered heightened National Treasury monitoring.

This breach classification stems from a documented pattern of irregular and partial payments that has persisted throughout programme participation. Rather than settling current accounts in full and on time, payments have been selectively allocated to historical arrears while current invoices remain unsettled, allowing obligations to compound across multiple billing cycles. Such an approach demonstrates that cash-flow management weaknesses extend beyond Eskom to other essential bulk service providers and reflect systemic liquidity management failures rather than isolated challenges. While full settlement has been achieved when prioritized, such instances remain isolated and have failed to reverse the broader deterioration or address the structural drivers of irregular payment behaviour, including weak revenue collection, poor cash-flow forecasting, and inconsistent enforcement of internal payment protocols.

These payment patterns constitute a direct violation of the three foundational commitments underpinning MDRP approval. First, the undertaking to settle all bulk service provider accounts in full and on time has been consistently breached through partial payments and multi-cycle arrears accumulation. Second, the R368 million post-approval debt growth demonstrates that new obligations are being incurred faster than legacy debt is being resolved, rendering the repayment plan structurally unviable. Third, the Standard Breach classification confirms that operational discipline and behavioural change—the basis for National Treasury's approval—have not been demonstrated. Under the MDRP framework,



continued eligibility for debt relief and access to subsequent write-off tranches are conditional upon demonstrable progress in governance performance, revenue collection improvement, and consistent settlement of current accounts. Failure on the third criterion is particularly damaging because it is binary and verifiable: accounts are either current or they are not, with no acceptable middle ground where partial payments or delayed settlements satisfy programme requirements.

Restoring compliance requires immediate implementation of ring-fenced payment protocols that mandate allocation of revenue to Eskom and Water Board obligations before any discretionary expenditure, supported by weekly cash-flow forecasting to anticipate shortfalls. Three consecutive months of full and timely Eskom settlements must be achieved while eliminating all accounts exceeding 30 days outstanding, revenue collection must be accelerated to close the gap between current performance and the 95% MDRP benchmark through consistent enforcement of credit control measures, and accumulation of new Eskom debt must be halted through strict adherence to payment schedules and proactive cash-flow management. The MDRP approval granted in October 2023 represents a conditional investment in financial recovery, and sustained adherence to these remediation measures is essential to preserving programme standing and advancing toward long-term fiscal stability.

Condition 6.4 – A funded MTREF

Although the approved 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF) is technically funded, fiscal sustainability remains precarious. National Treasury's assessment indicates that medium-term stability will depend primarily on strengthening revenue collection efficiency and applying materially tighter expenditure discipline.

Though electricity, water, property rates, and national transfers are expected to drive projected revenue growth, persistently high technical and non-technical losses in both value chains undermine these gains. Remaining well above national norms, elevated losses dilute the revenue impact of tariff adjustments, reduce the effective billing base, and erode the overall financial position. Compounding this risk, the budget relies on optimistic collection assumptions without adequate provision for debt impairment, a shortfall that risks overstating own revenue and precipitating in-year funding gaps.

Operating resources remain heavily constrained by employee-related costs and bulk purchases, which limit fiscal space for maintenance, asset care, and service delivery improvements. Given that the capital programme is largely grant-funded with minimal contribution from own revenue, exposure to implementation risk increases alongside concerns regarding liquidity, counterpart funding requirements, and project readiness. Constrained flexibility is further evident in cash flow projections, where liquidity and coverage indicators suggest that short-term obligations may remain unmet should revenue performance fail to improve materially.

Credibility is weakened by ambitious revenue projections, insufficient provisioning for bad debts, and the underutilisation of available resources for indigent support, despite alignment with the Integrated Development Plan (IDP) and compliance with prescribed consultation and approval processes. Because



the level of free basic services and support to indigent households remains below what could reasonably be funded from national transfers, the risk of service delivery shortfalls and heightened social pressure increases. 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 the 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF) confirms that none of the four major trading services—water, sanitation, electricity, and solid waste—operate on a cost-reflective basis. Budgeted revenue across these functions remains insufficient to cover the full cost of service delivery, including operations, maintenance, asset renewal, and minimum reliability standards. Verified using the National Treasury tariff tool, this structural imbalance is widening over the MTREF period and poses a material risk to financial sustainability and the ability to maintain acceptable service delivery outcomes.

Tariffs across the trading services portfolio are set below full cost recovery, resulting in persistently underfunded operations. Particularly acute pressures affect the water function, where ageing infrastructure, high distribution losses, and deferred maintenance continue to drive operating costs upward. Non-cost-reflective tariffs, however, constrain the 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.

Similar vulnerabilities characterise the sanitation service. Where tariffs do not reflect the true cost of service delivery, capacity to operate and maintain wastewater systems effectively is limited, as is the ability to rehabilitate reticulation networks or upgrade treatment works to meet regulatory and capacity requirements. Structural underfunding in this function undermines long-term sustainability and elevates public health and environmental risk, particularly where infrastructure is under-maintained or operating beyond design capacity.

Electricity represents the municipality's most financially exposed trading service. Escalating Eskom bulk purchase costs are not matched by tariffs aligned to the full cost of supply. This exposure 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 progress toward cost-reflective tariffs weakens capacity to honour Eskom payment obligations, address losses systematically, and stabilise the electricity trading account—entrenching financial distress and directly undermining service reliability and compliance expectations under the Municipal Debt Relief Programme.

A recurring operating deficit also affects solid waste services. Current tariffs are insufficient to cover routine operational requirements and make no provision for renewal of critical assets such as fleet and equipment. Operational consequences include service instability, frequent equipment breakdowns, and declining service



coverage, particularly in peripheral and low-income areas. Continued underfunding in this function exacerbates inefficiency and erodes public confidence in basic municipal services.

Collectively, these deficits indicate a systemic financial imbalance across the municipality's trading services. Restoring sustainability will require decisive tariff restructuring toward cost reflectivity, improved metering and billing accuracy, and stronger enforcement of credit control and revenue collection policies. 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. While isolated corrective steps are evident, the overall framework remains fragmented, inconsistently applied, and financially damaging.

Revenue enforcement is not translating into sustained cash realisation. For December 2025 billings collected in January 2026, the total average collection rate for the whole demarcation stood at 61%, with R547.95 million billed against R334.24 million collected, leaving R213.71 million uncollected. Performance deteriorated in the following cycle: January 2026 billings achieved a collection rate of only 58%, with R186.96 million billed against R108.39 million collected. Even when excluding Eskom-supplied areas, collection rates remained subdued at 62% for December and 58% for January 2026, indicating that the underlying constraint reflects systemic billing, enforcement, and payment-discipline weaknesses across the municipal revenue base rather than challenges limited to specific supply zones.

By service, the performance profile reveals an imbalanced and ineffective enforcement approach. Property rates achieved collection rates of 67% for both December and January billings. Electricity collections remained comparatively strong at 99% for December and 93% for January, consistent with prepaid purchase dynamics and the prioritisation of electricity as the primary enforcement lever. In stark contrast, core municipal service charges remain materially under-collected: water collection declined from 46% in December to 40% in January; wastewater fell from 37% to 33%; and refuse decreased from 40% to 38%. Interest collection remains exceptionally weak, improving marginally from 8% to 12%, reinforcing the scale of arrears accumulation and the limited effectiveness of deterrence and recovery measures.

A key structural weakness remains 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. However, 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 protecting minimum free basic service allocations. The December and January outcomes reinforce this imbalance: electricity collections remain comparatively strong, 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.

More than 15,000 smart meters installed during 2024 have not yet translated into improved collection outcomes. 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 December and January data clearly demonstrate 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 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						
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	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	-	-	-
Total	64 511	64 511	-	40 780 982 208	40 780 982 208	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	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
Total	62 988 476	52 876 427	10 112 049	62 988 476	53 215 626	9 772 850

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. 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. As indicated by the municipality, government get billed annually and some businesses and households opt to get billed annually.

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. 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 completed the submission of all mandatory financial and operational data to the GoMuni platform, National Treasury's centralised municipal reporting system. This timely compliance with Section 71 of the MFMA reinforces the municipality's commitment to fiscal transparency and accountable governance, while providing stakeholders with standardised, reliable data for assessment and intervention.

These submissions deliver a comprehensive fiscal snapshot—including revenue collection performance, expenditure execution, budget variance analysis, and emerging risk indicators. For executive leadership, this data enables evidence-based decision-making and facilitates early corrective action where operational or budgetary deviations arise. For oversight bodies, including National Treasury, Provincial Treasury, and the Municipal Public Accounts Committee, the reports serve as a critical diagnostic tool for monitoring financial sustainability, MDRP compliance, and governance maturity.

Sustained accuracy and punctuality in GoMuni reporting strengthens institutional credibility and aligns the municipality's financial administration with national standards of accountability. Continued adherence to this reporting discipline is essential to maintaining stakeholder confidence, supporting informed oversight, and demonstrating the operational governance required for ongoing participation in national relief and support programmes.

MFMA S71 Statement component		Compliance (Yes / No)
1.	<i>The Budget Performance Overview (paragraph 4) of the MFMA S71 statement</i> explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	<i>The conclusion (paragraph 14) of the MFMA S71 statement</i> explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	Yes
3.	<i>Annexure B of the MFMA S71 statement included the following debt relief reporting components-</i>	
3.1.1	The municipality's MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes



MFMA S71 Statement component		Compliance (Yes / No)
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D) .	Yes
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C) .	Yes
3.6.1	The summary of the municipality's property rates reconciliation 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 <i>m</i> SCOA 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 National 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 functions as the principal guardian of fiscal discipline within the Municipal Debt Relief Programme, applying rigorous oversight to ensure that debt relief serves as a catalyst for lasting financial recovery rather than a short-term alleviation of pressure. This mandate extends well beyond initial approval: Treasury actively enforces compliance

conditions, tracks implementation progress, and protects public resources from renewed instability. Through structured evaluation and continuous monitoring, the institution reinforces accountability across the local government sector while preserving the integrity of the national debt relief framework—ensuring that write-offs drive meaningful behavioural change rather than perpetuating cycles of financial distress.

Within this framework, National Treasury has formally certified Sol Plaatje Local Municipality as meeting the applicable MDRP conditions. This designation carries significant operational consequence, confirming that the municipality has achieved the minimum thresholds for governance functionality, financial management controls, revenue enforcement discipline, and bulk account settlement necessary to responsibly administer debt relief. Crucially, certification is conditional and time-bound: it remains valid only so long as the municipality maintains the systems, processes, and conduct that justified its issuance. It reflects Treasury's calibrated confidence in foundational progress, not a guarantee of ongoing eligibility should performance decline.

To preserve this standing, Treasury applies a structured monitoring framework anchored in five interdependent pillars: budget credibility, to prevent unrealistic planning that generates new arrears; cash-flow discipline, to sustain operational continuity and creditor confidence; revenue performance, measured against the 95% collection benchmark to address the structural driver of municipal insolvency; expenditure control, to safeguard scarce resources for core service delivery; and consistent, full settlement of bulk service accounts, to maintain essential supply chains and programme eligibility. This framework is intentionally proactive—designed to detect early signs of slippage, require evidence-based corrective measures, 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

National Treasury functions as the primary 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 liquidity support. This mandate extends beyond programme approval to active enforcement of compliance conditions, continuous monitoring of implementation fidelity, and protection of public resources against renewed financial distress. Through structured evaluation and real-time performance tracking, Treasury reinforces accountability across the local government sector while safeguarding the credibility of the national debt relief framework—ensuring that write-offs drive measurable behavioural change and institutional reform, not repeated cycles of insolvency.

Within this governance architecture, National Treasury has formally certified Sol Plaatje Local Municipality as compliant with applicable MDRP conditions. This certification carries substantive operational weight, confirming that the municipality has demonstrated minimum thresholds in governance functionality, financial management controls, revenue enforcement discipline, and bulk account settlement. Importantly, this designation is conditional and performance-contingent: it remains valid only while the municipality sustains the systems, processes, and conduct that justified its issuance. It reflects Treasury's measured confidence in foundational progress, not an assurance of continued eligibility should performance deteriorate.

To preserve this standing, Treasury applies a forward-looking monitoring framework anchored in five interdependent performance pillars. Budget credibility prevents unrealistic planning assumptions that generate new arrears and undermine fiscal sustainability, while cash-flow discipline ensures operational continuity, creditor confidence, and timely settlement of critical obligations. Revenue performance is measured against the 95% collection benchmark to address the structural driver of municipal insolvency, and expenditure control protects



scarce resources for core service delivery by preventing discretionary spending from compromising essential functions. Consistent, full settlement of bulk service accounts to Eskom and Water Boards remains non-negotiable to maintain essential supply chains and programme eligibility. This framework is deliberately proactive—designed to detect early indicators of slippage, mandate evidence-based corrective action, and escalate non-compliance before fiscal deterioration becomes irreversible. For executive leadership, sustained adherence to these pillars is not optional; it is the definitive condition for preserving debt relief benefits, maintaining institutional credibility, and advancing toward long-term financial self-sufficiency.

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:

1. Immediate Settlement of Eskom Current Account

Prioritise full and immediate settlement of the outstanding Eskom current account balance as a non-negotiable operational imperative. Implement ring-fenced payment protocols that allocate revenue to bulk service providers before any discretionary expenditure, with weekly cash-flow forecasting and dual-level monitoring (administrative weekly, Council monthly) to prevent future arrears accumulation and restore eligibility for second-cycle debt write-off.

2. Comprehensive Revenue Recovery Programme

Launch an integrated revenue recovery strategy targeting the 58% collection rate, with specific interventions to close the 36-percentage-point gap to the 95% MDRP benchmark. This must include consolidated billing implementation, balanced enforcement across all services (not just electricity), rigorous arrears management with clear escalation protocols, and monthly Council-level accountability for collection performance with verifiable month-on-month improvement targets.

3. Systematic Credit Control Enforcement

Transition disconnection protocols from discretionary acts to systematic, uniformly applied procedures governed by published schedules and standardised triggers across all consumer categories. Eliminate selective enforcement that varies by area or consumer type and activate water restrictions alongside electricity disconnections to restore payment discipline while protecting minimum free basic service allocations.

4. Operationalisation of Governance Resolutions

Embed MDRP compliance into the machinery of governance through a standing Council agenda item with structured performance dashboards and a formal resolution-tracking register. Each directive must log accountability assignments, set deadlines, and report monthly on implementation status, shifting governance from endorsing plans to verifying outcomes with the Municipal Manager reporting directly on progress against agreed milestones.

5. Tariff Restructuring Toward Cost Reflectivity

Initiate decisive tariff restructuring across all trading services (water, sanitation, electricity, and solid waste) to align revenues with full cost of service delivery, including operations, maintenance, and asset renewal. Address the structural funding gap where current tariffs remain below cost-recovery levels, which undermines financial sustainability and service delivery capacity.



6. Smart Metering Integration and Billing System Alignment

Embed the 15,000+ installed smart meters into a coherent end-to-end revenue strategy encompassing billing, credit control, indigent controls, reconciliation, and consequence management. Simultaneously resolve the R10+ million quarterly variance between General Valuation billing potential and Municipal Financial System outputs through integrated governance action to align valuation administration with revenue management and enforce consistent tariff application across all property categories.

7. Indigent Management and Consumption Control

Strengthen indigent management systems to effectively constrain consumption to national norms (50 kWh electricity and 6 kilolitres water per month) for registered indigent households, preventing overconsumption beyond subsidised thresholds that creates avoidable pressure on the operating budget. Implement automated enforcement capabilities through smart metering technology and establish clear consequence management protocols for administrative compliance gaps.

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

Kind regards

MANDLA GILIMANI

DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS

DATE: 05/03/2026

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

Annexures (January 2026 Compliance Certificates)

Annexure A2 - Monthly

	National Treasury	
	Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003	
National Treasury		
Certificate of Compliance: Municipal Debt Relief Conditions for Application		
Period		Jan '25
National Financial Year		2025/26
Demarcation Code of Municipality being assessed		NC091
District	Frances Baard	
Demarcation Description	Sol Plaatje	
<p>I, Mr Mandla Gilimanj, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:</p>		

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition	6.3 + 6.12	Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	No
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <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 https://lguploadportal.treasury.gov.za ?	Yes
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes
	6.4	Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)	Select
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	Yes
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
9	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations? <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	- If the municipality's MTREF is not funded , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	N/A - the MTREF is funded
<p><i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i></p>			
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework , does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/a
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes
14	6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	No
<p>6.6 Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:</p>			
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	No
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	No
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No
<p>6.6 Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.</p>			
<p>6.7 Maintain a minimum average quarterly collection of property rates and services charges –</p>			
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter
<p><i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i></p>			
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :	
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool 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)?	not yet the end of a quarter
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and</u> the reason(s) for the failure?	not yet the end of a quarter
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes
6.8 Municipality's Completeness of the revenue base –			
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	N/a
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za ?	Yes
6.9 Monitor and report on implementation –			
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	6.9.1 = Yes
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	No FRP
<i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i>			



	6.10	Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:	
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	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 6.1.1.</i>	
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No
		<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>	
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):	
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	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?	No
		<i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i>	
39		Supporting evidence : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i>	No
41	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	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:

05/03/2026

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
NC91	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	NC91	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	80%	Above Moderate
26 August 25	Sol Plaatje	NC91	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	83%	Above Moderate
27 September 25	Sol Plaatje	NC91	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	74%	Moderate compliance
28 October 25	Sol Plaatje	NC91	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	No	Yes	Yes	Yes	Yes	83%	Above Moderate						
29 November 25	Sol Plaatje	NC91	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	Yes	Yes	Yes	N/A	N/A	Yes	No	Yes	Yes	Yes	Yes	83%	Above Moderate												
30 December 25	Sol Plaatje	NC91	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	Yes	Yes	Yes	N/A	N/A	Yes	No	Yes	Yes	Yes	83%	Above Moderate													
31 January 26	Sol Plaatje	NC91	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	No	Yes	No	No	N/A	N/A	N/A	Yes	Yes	Yes	N/A	N/A	Yes	No	Yes	No	No	71%	Moderate compliance													
32 February 26	Sol Plaatje	NC91																																													0%	Not completed
13 March 26	Sol Plaatje	NC91																																													0%	Not completed
14 April 26	Sol Plaatje	NC91																																													0%	Not completed
15 May 26	Sol Plaatje	NC91																																													0%	Not completed
16 June 26	Sol Plaatje	NC91																																													0%	Not completed
17 July 26	Sol Plaatje	NC91																																													0%	Not completed
18 August 26	Sol Plaatje	NC91																																													0%	Not completed
19 September 26	Sol Plaatje	NC91																																													0%	Not completed
20 October 26	Sol Plaatje	NC91																																													0%	Not completed
41 November 26	Sol Plaatje	NC91																																													0%	Not completed

Comments/Motivation

HOD Name: **Mandla Gilimani**

Signature of HOD:

Date: **05/03/2026**

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.



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

Province		
NW		
Code	District	Code Description
NC091	Frances Baard	Sol Plaatje

Monthly Performance Report

Month	Part A										Part B										Part C										Part D										Part E										Score	Rating																	
	Eskom And Bulk water current account										Compliance with a funded MTRF										FRSBRP & Tariff Assessment										Electricity and water as collection tools										Quarterly collection of property rates and services charges												Maximization of Revenue Base										Oversight						
Code Descr	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41																												
26 July/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	83%	Above Moderate																															
26 August/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	83%	Above Moderate																														
27 September/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Above Compliance																														
28 October/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	80%	Above Compliance																														
29 November/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Above Compliance																														
30 December/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	74%	Moderate compliance																														
31 January/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 February/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 March/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 April/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 May/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 June/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 July/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 August/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
31 September/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
40 October/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														
41 November/26	NC091	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance																														

Comments/Motivation

HOD Name: **BS MATLATA**

Signature of HOD: *[Signature]*

Date: **2026/03/11**

*Note - If the official is signing on behalf of the Provincial Treasury (HOD), the written permission 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

Mpumalanga Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period: Feb'26
National Financial Year: 2025/26
Demarcation Code of Municipality being assessed: NC091

District: Frances Baard
Demarcation Description: Sol Plaatje

I, Bartholomew Mafela 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, Description, Response, and Notes/Comments. Rows include conditions 6.12, 6.4, and 6.5 regarding Eskom bulk water current account, MTREF funding, and cost reflective tariffs.

Notes/Comments

15	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTRF, 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? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required MF format.</i>	No	
20	6.6	<i>Supporting evidence – The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTRF's related budget policies and by-laws demonstrate compliance with paragraph 6.6</i>		
21	6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
22	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal? <i>Note – Although the total and average quarterly collection (MFMA Circular No. 27) is a 95 per cent threshold, municipalities under the 2023/24 budget support will be exempted for the first two years from following to this note.</i>	Not yet end of quarter	
23	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:		
24	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	not yet the end of a quarter	
25	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
26	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	not yet the end of a quarter	
27	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	Smart meter project is completed. YTD installations till end of 31 March 2025 = 15,328
28	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTRF with a smart pre-paid meter?	Yes	
29	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
30	6.8	Municipality's Completeness of the revenue base –		
31	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	
32	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note – monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes	
33	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://guploadportal.treasury.gov.za ?	Yes	
34	6.9	Monitor and report on implementation –		
35	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	
36	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	
37	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	
38	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ? <i>Note - a municipality with a FRP may also benefit from the Municipal Debt Relief programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i>	No FRP	
39	6.10	Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 24 of the MFMA, with effect from 01 April 2024, a delegated municipality may not benefit from Municipal Debt Relief, unless:		
40	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	
41	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://guploadportal.treasury.gov.za ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	Yes	
42	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	

<p><i>Note - If the PT failed to address its failure with non-compliance will be considered as non-compliance by the municipality in terms of sub-section 6.12.1.</i></p>				
36	6.11	<p>Limitation on municipal borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?</p>	No	
<p><i>Note - There is a prohibition on municipal borrowing for three consecutive months of financial years for the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. If confirmed that AFMA Circular No. 124 (condition 6.12) (restriction on municipal borrowing powers) will only be enforced in relation to new long term loans received into after the effective date of debt relief approved as envisaged in AFMA section 40. Short term borrowing, including making use of an overdraft for further borrowing purposes are not considered within the ambit of this condition.</i></p>				
<p>5.12 For the duration of the Municipal Debt Relief (to ensure proper management of resources):</p>				
37	6.12.1	<p>- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account - (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?</p>	No	The municipality had insufficient cash to settle the Water account for January 2026 and fully settled the Eskom current account for January 2026
38	6.12.2	<p>- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?</p>	No	The municipality had insufficient cash to settle the Water account for January 2026 and fully settled the Eskom current account for January 2026
<p><i>Note - Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from AFMA's 3.01.</i></p>				
39		<p>Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA's 71 statement collected revenue.</p>	Yes	
40	6.13	<p>Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury; Office of the Accountant General issued for Municipal Debt Relief to date?</p> <p><i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i></p>	No	The municipality must still account for the first third of the debt written off by National Treasury
41	6.14	<p>NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?</p>	Yes	
<p><i>Note - By applying for Municipal Debt Relief as set-out in paragraph 2 of AFMA 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 provided by the relevant province for registration as an external member as envisaged in Chapter 8 of the Electricity Regulation Act, 2006, 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 water support to Eskom. Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i></p>				

PT: HOD/NT/MM Name:

BS MATLALA

Signature of HOD/NT/MM:

[Handwritten Signature]

Date:

2026/03/11

**** 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**