






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

Monthly Budget Statement S71 Monthly Report May 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: 12 June 2026

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List of Abbreviations and Acronyms used in the Monthly Budget Statement

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

PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT: S71 MONTHLY REPORT FOR THE PERIOD ENDING 31 MAY 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 R4,455,963 billion, of which 90% of the debt is owed in excess of 90 days. The total debt by customer group is classified as follows; R605,100 million is owed by government, R671,131 million by businesses and R3,031,358 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. The municipality is 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

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: May 2026

expenditure. Refrain from committing acts of financial misconduct and/or criminal offences as per Chapter 15 of the MFMA.

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

2. Background

Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 and the Municipal Budget and Reporting Regulations" necessitates those specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance. "The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required Tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act." Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **31 May 2026**, the ten working day reporting limit expires on **12 June 2026**. The National Treasury will use only the *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings" which must be submitted before or on **12 June 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 May 2026	YTD Actual May 2026	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	2,960,308	2,658,230	(302,078)	89.8%	-10.2%
Total Revenue (including capital transfers and contributions)	3,587,460	3,129,754	(457,707)	87.2%	-12.8%
Total Operational Expenditure	3,106,826	2,831,104	(275,722)	91.1%	-8.9%

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

As indicated in Table 1.1 above, as at 31 May 2026, the billed revenue excluding capital grants amounted to R2,658,230 billion which resulted in an unsatisfactory variance of minus 10.2% when compared to the YTD Budget of R2,960,308 billion. The billed revenue including capital grants amounted to R3,129,754 billion, resulting in an unsatisfactory variance of minus 12.8% when compared to the YTD budget of R3,587,460 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 R2,831,104 billion versus the YTD Budget of R3,106,826 billion resulting in an unsatisfactory variance of minus 8.9%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Adjustment Budget					
Description R thousand	Adjustment Budget	YTD Actual May 2026	Variance Favourable (Unfavourable)	% YTD Actual vs Adjust ment Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 91.67%
Total Revenue (excluding capital transfers and contributions)	3,228,733	2,658,230	2,389,169	82.3%	-9.3%
Total Revenue (including capital transfers and contributions)	3,912,899	3,129,754	2,803,679	80.0%	-11.7%
Total Operational Expenditure	3,484,060	2,831,104	2,540,765	81.3%	-10.4%

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 91.67% [calculated as follow: (100/12 months x 11 months of the year)] as at the end of May 2026, the Total operational revenue excluding capital grants versus the Adjustment Budget resulted in a satisfactory variance of minus 9.3%. The Total operational revenue including capital grants versus the Adjustment Budget resulted in an unsatisfactory variance of minus 11.7%. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 10.4%.

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

4. Budget performance overview

The municipality is implementing the 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												
	Budget		2025/26								Year to Date	
	Main appropriation	Adjusted Budget	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Actual	Total Expenditure as % of adjusted budget
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 Expenditure	4th Q as % of Adjusted budget		
Operating Revenue and Expenditure												
Operating Revenue	3,234,188	3,228,733	912,667	28.2%	710,127	22.0%	703,164	21.8%	332,271	10.3%	2,658,230	82.3%
Operating Expenditure	3,212,506	3,484,060	792,110	24.7%	643,808	20.0%	829,888	23.8%	565,298	16.2%	2,831,104	81.3%
Transfers and subsidies - capital (monetary allocations)	684,166	684,166	103,603	15.1%	240,645	35.2%	30,031	4.4%	97,245	14.2%	471,524	68.9%
Total Revenue	3,918,354	3,912,899	1,016,270	25.9%	950,771	24.3%	733,195	18.7%	429,517	11.0%	3,129,754	80.0%

Table 1.3: Part 1: Operating Revenue and Expenditure

As per Table 1.3 above, overall Operating revenue is not performing satisfactorily, with the actual achieved versus the Adjusted Budget standing at 82.3% versus the ideal percentage of 91.67%. This mainly attributable to an under-recovery on electricity and water sales. Operating expenditure is 81.3% spent. It should be noted that Post-retirement health benefits is not yet accounted for and the bulk electricity account for May 2026 will be captured during June 2026. Transfers and subsidies – capital transferred to revenue amounts to 68.9% of the Main appropriation, as grants will be recognized when the conditions are met. Total Revenue is standing at 80.0% as at end of May 2026.

Capital Revenue and Expenditure

Part 2: Capital Revenue and Expenditure												
R thousands	Budget Main appropriation	Adjusted Budget	2025/26									
			First Quarter		Second Quarter		Third Quarter		Fourth 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	4th 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%	67,762	10.7%	52,161	8.2%	416,741	65.9%
Transfers recognised - capital	594,927	595,392	90,089	15.1%	201,780	33.9%	66,324	11.1%	50,744	8.5%	408,937	68.7%
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	32,404	37,389	4,125	12.7%	824	2.5%	1,438	3.8%	1,416	3.8%	7,804	20.9%

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 65.9% spent versus the Adjusted Budget, whilst conditional grants spent amount to 68.7% and internally generated funds at 20.9% spent. This is not a desired outcome and more effective planning; monitoring and timely remedial action is essential to improve on the monthly and full year outcome of capital expenditure. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It should be noted that capex excludes VAT, whilst VAT is accounted for, when transferring capex to the Statement of Financial Performance, when all conditions of the grant have been met.

Liquidity and debtors' management

Chart 1.1 Cost Coverage Ratio & Collection rate

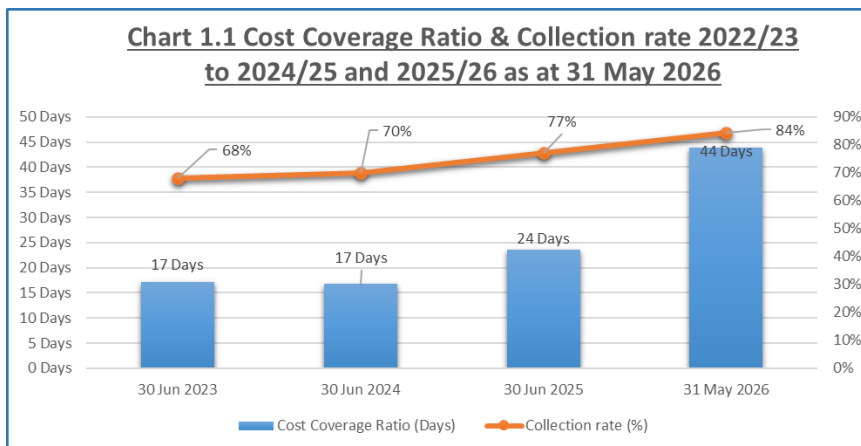
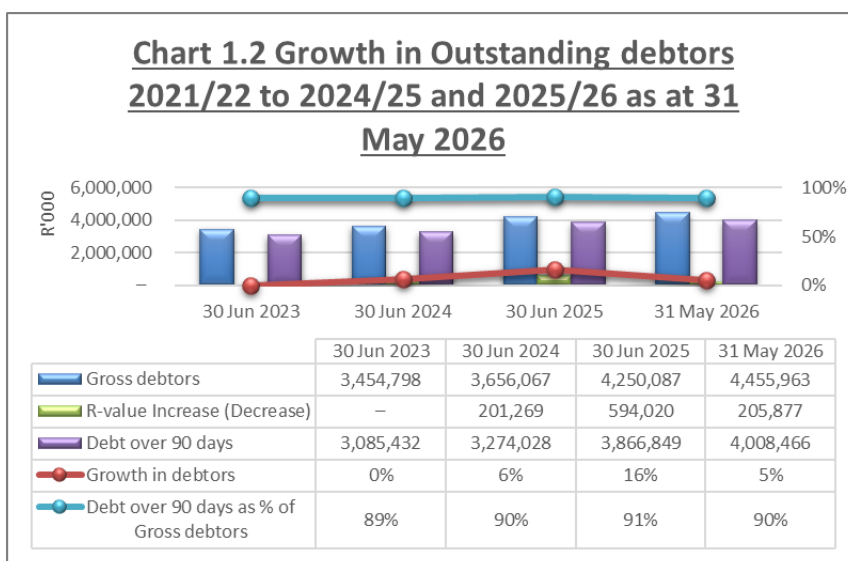


Chart 1.2 Growth in Outstanding debtors



- Indicated in Chart 1.1 is the Cost coverage ratio and the collection rate and in Chart 1.2 is the year-on-year growth in outstanding debtors from 2022/23 to 2024/25 and 2025/26 until 31 May 2026.
- The growth in debtors is attributable to the lower collection rate, resulting in the critically low-Cost coverage ratio.
- The inverse is also true, if the municipality can improve payment levels and reduce debtors, this will ensure a better collection rate and a healthier Cost coverage, ensuring that the municipality can comfortably meet its obligations.
- All these factors impede on the municipality's ability to meet all its monthly fixed operating commitments from cash and short-term investments.
- The Cost coverage is less than one month and far below the norm of 3 months, whilst the collection rate on average is 70%, also well below the norm and SDBIP target of 95%. The Cost coverage ratio as at 31 May 2026 is low, standing at 44 days. The average collection rate for May 2026, is 84%.
- Debtors increased by R201,269m (6%) from 2022/23 to 2023/24, by R594,020m (16%) from 2023/24 to 2024/25, and by R205,877m (5%) from 30 June 2025 to 31 May 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 second third (2/3) write-off of the municipal debt amounting to R248 million. The total debt written off to date is R496 million.

As articulated in Table 2.1. below, for the month of May 2026, the municipality made a partial payment of R50,000 million on the April 2026 account. A payment of R25,475 million was made on the March 2026 account and is now fully settled. There are outstanding balances on the November 2024, June, August, November, December 2025 and April 2026 accounts. The following accounts are settled in full July to October 2024 and December 2024, January to May 2025, July 2025, September to October 2025, January, February and March 2026. Interest charges for the period July 2024 to April 2026, amounts to R75,375 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 **R502,353,791.89**, as indicated in Table 2.1 below. Arrears on the outstanding invoices including interest amounts to R388,453,791.89 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 146,873,234.81	R -	R 6,700,000.00	R 6,700,000.00	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 56,000,000.00	R 27,316,482.56	R 6,700,000.00	R 34,016,482.56	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
Feb-26	R 81,366,974.13	R 81,366,974.13	R -	R -	R -	R 5,762,503.91
Mar-26	R 85,475,024.94	R 85,475,024.94	R -	R -	R -	R 5,618,983.74
Apr-26	R 84,515,538.44	R 50,000,000.00	R 34,515,538.44	R -	R 34,515,538.44	R 6,869,542.60
TOTAL ESKOM	R 2,002,817,454.91	R 1,614,363,663.02	R 388,453,791.89	R 113,900,000.00	R 502,353,791.89	R 75,375,392.69

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 the first and second third (2/3) of the municipal debt amounting to R496 million in total. 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 R248 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 -
Feb-26	R 21,740,055.80	R -	R 21,740,055.80	R -	R 21,740,055.80	R -
Mar-26	R 16,202,176.19	R -	R 16,202,176.19	R -	R 16,202,176.19	R -
TOTAL WATER	R 342,939,297.14	R 72,238,444.21	R 270,700,852.93	-R 14,703,680.46	R 255,997,172.47	R -

Table 2.2 Arrear debt payable to DWS

Indicated in Table 2.2 above is the arrear debt payable to DWS. Another serious non-compliance to the conditions, is the non-payment of October, November, December 2024, January, June, July, August, October, November, December 2025, January, February and March 2026 accounts 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 **R255,997,172.47** to remain on the Department's Debt Incentive Programme. If the municipality fails to pay the outstanding arrear debt, the municipality will forfeit the interest write-off of R14 million and the Department will resume in charging interest on overdue accounts, leading to an escalation in Fruitless and Wasteful expenditure and further impede on the municipality's financial recovery.

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

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

- The benefits of the Relief to that municipality will immediately cease;
- This means that Eskom will be obliged to implement its credit control and debt management policy on the defaulting municipality and the municipality must immediately start repaying its Eskom arrears, interest and penalties;
- Eskom may resume any legal proceedings (relating to the municipality's arrear debt, interest and penalties as of 30 March 2023), including attaching the municipal bank account; and
- 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 *m*SCOA 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, January, February and March 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, August, November, December 2025 and April 2026 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. 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) - M11 May										
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 % - 91.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Revenue										
Exchange Revenue										
Service charges - Electricity	1,219,183	60,241	891,457	1,117,554	79.8%	(226,098)	-20.2%	73.1%	(226,128)	-18.5%
Service charges - Water	363,126	25,084	305,698	332,818	91.9%	(27,120)	-8.1%	84.2%	(27,167)	-7.5%
Service charges - Waste Water Management	106,317	9,677	107,495	97,452	110.3%	10,043	10.3%	101.1%	10,038	9.4%
Service charges - Waste management	77,807	7,281	81,256	70,831	114.7%	10,425	14.7%	104.4%	9,933	12.8%
Sale of Goods and Rendering of Services	20,425	1,762	14,705	18,515	79.4%	(3,810)	-20.6%	72.0%	(4,018)	-19.7%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	182,139	14,460	161,074	162,290	99.3%	(1,215)	-0.7%	88.4%	(5,886)	-3.2%
Interest from Current and Non Current Assets	18,000	541	4,568	16,500	27.7%	(11,932)	-72.3%	25.4%	(11,932)	-66.3%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	29,740	2,308	26,512	27,262	97.2%	(750)	-2.8%	89.1%	(750)	-2.5%
Licence and permits	1,000	12	348	917	37.9%	(569)	-62.1%	34.8%	(569)	-56.9%
Operational Revenue	5,182	1,863	7,506	4,541	165.3%	2,965	65.3%	144.8%	2,755	53.2%
Non-Exchange Revenue										
Property rates	717,920	1,969	644,659	658,093	98.0%	(13,434)	-2.0%	89.8%	(13,434)	-1.9%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	34,743	1,498	4,560	31,848	14.3%	(27,288)	-85.7%	13.1%	(27,288)	-78.5%
Licence and permits	8,200	190	8,385	7,517	111.6%	869	11.6%	102.3%	869	10.6%
Transfers and subsidies - Operational	331,406	1,119	314,513	302,887	103.8%	11,625	3.8%	94.9%	10,723	3.2%
Interest	102,540	(5,761)	74,844	95,684	78.2%	(20,840)	-21.8%	73.0%	(19,151)	-18.7%
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	11,005	1,014	10,655	15,600	68.3%	(4,945)	-31.7%	96.8%	567	5.2%
Gains on disposal of Assets	-	-	(5)	-	-	(5)	#DIV/0!	-	(5)	-
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	3,228,733	123,259	2,658,230	2,960,308	89.8%	(302,078)	-10.2%	82.3%	(301,442)	-9.3%
Transfers and subsidies - capital	684,166	28,818	471,524	627,152	75.2%	(155,628)	-24.8%	68.9%	(155,628)	-22.7%
Total Revenue (including capital transfers and contributions)	3,912,899	152,077	3,129,754	3,587,460	87.2%	(457,707)	-12.8%	80.0%	(457,070)	-11.7%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

Exchange Revenue

- ❖ Service charges - Electricity is showing an unsatisfactory variance of minus 20.2%. The basic and capacity charges for households for the 2025/26 financial year is in the process of being resolved. The electricity losses is a negative contributing factor as well. Service charges Water is not satisfactory with a variance of minus 8.1%. It is imperative that the Billing section does a proper investigation to ensure that all properties have functional meters installed and are billed accurately. This can be achieved by considering all properties on the General Valuation Roll. The same applies to all Service charges. 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 20.6%, 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. The investigation on the Cemetery and burial fees was concluded and it was established that a funeral parlour owed outstanding monies which will be recouped by the municipality.
- ❖ Interest earned from Receivables is showing a satisfactory variance of minus 0.7% 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 72.3%. This is due to the accrued interest relating to the prior financial year. The municipality is improving on its cash and investment management and 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 satisfactory variance of 2.8% when compared to the YTD budget.
- ❖ Licences and permits are showing a negative variance of 62.1%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated, 34.78% achievement versus a budget of R1,000 million.
- ❖ Operational Revenue is showing a satisfactory positive variance of 65.3%, as a result on an over-recovery on Commission: Transaction Handling Fees.

Non-Exchange Revenue

- ❖ Property Rates is showing a satisfactory variance of minus 2.0%. The movement for the month is low due to correction on billing for Ekapa mine which relates to prior financial years. A corrective journal needs to be processed.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 85.7%, due to an under-recovery on Fines: Law Enforcement that is standing at 11.52% achieved versus a target of R13,000 million. Penalties: Disconnection Fees standing at 14.00% 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 11.6%, due to possible outstanding payments due to the Department of Transport, Safety and Liaison.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 3.8%.
- ❖ Interest is showing an under-recovery of minus 21.8%, as a result of a slight under-recovery for interest from Property rates. The negative movement for the month is due to correction on billing for Ekapa mine which relates to prior financial years. A corrective journal needs to be processed.
- ❖ Operational Revenue is showing an unsatisfactory variance of minus 31.7%. Revenue from non-exchange transaction for electricity is not materialising and was adjusted downwards during the Adjustments budget.
- ❖ Transfers and subsidies - Capital is showing an unsatisfactory variance of minus 24.8% when compared to the YTD budget. Capital grants are recognised monthly in the Statement of Financial Performance, as soon as the conditions of the grant have been met.

Comparison against Adjustment Budget

Based on the IYM percentage of 91.67%, the majority of revenue sources are performing satisfactorily.

Exchange Revenue

- ❖ Overall, Service charges when compared to the Adjustment budget is performing satisfactorily, with the exception of electricity and water sales. Same factors are applicable as described in the paragraph above.
- ❖ Sale of Goods and Rendering of Services is showing an unsatisfactory variance of minus 19.7%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a satisfactory variance of minus 3.2%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a negative variance of 66.3%. Same factors are applicable as described in the paragraph above.
- ❖ Rental from Fixed Assets is showing a satisfactory variance of minus 2.5%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits are showing an unsatisfactory variance of minus 56.9%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a satisfactory variance of 53.2%. Same factors are applicable as described in the paragraph above.

Non-Exchange Revenue

- ❖ Property Rates is showing a satisfactory variance of 1.9%. Same factors are applicable as described in the paragraph above.
- ❖ Fines, penalties and forfeits is showing an unsatisfactory variance of minus 78.5%. Same factors are applicable as described in the paragraph above.
- ❖ Licence and permits are showing a satisfactory variance of 10.6%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a satisfactory variance of 3.2%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a positive variance of 5.2%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Capital is showing an unsatisfactory variance of minus 22.7%. Capital grant expenditure must be monitored continuously. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Indicated in Chart 1.3 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 May 2026. The main contributors of the municipality's revenue are Service Charges (52.1%), Property Rates (24.3%) and Other Revenue (11.6%).

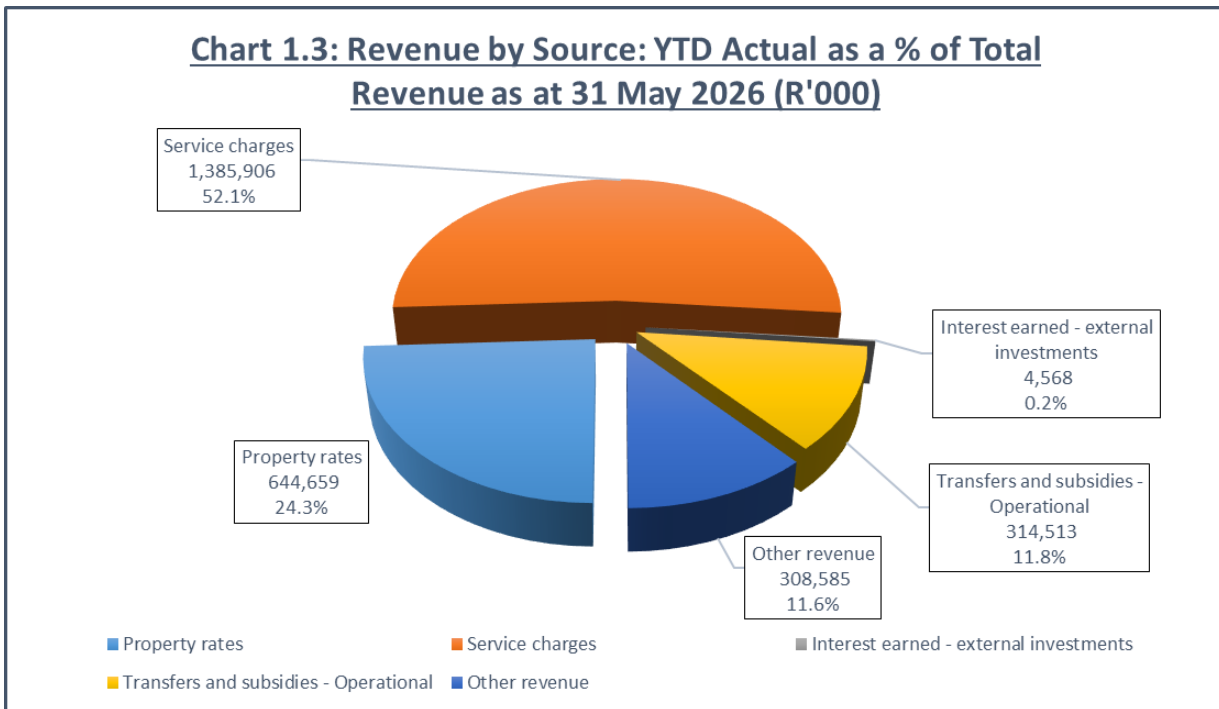


Chart 1.3: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Table C4 Monthly Budget Statement - Financial Performance (Expenditure) - M11 May										
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 % - 91.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	1,024,295	74,960	820,091	936,632	87.6%	(116,540)	-12.4%	80.1%	(118,846)	-11.6%
Remuneration of councillors	37,083	3,068	33,516	33,993	98.6%	(477)	-1.4%	90.4%	(477)	-1.3%
Bulk purchases - electricity	1,000,000	67,518	775,954	868,000	89.4%	(92,046)	-10.6%	77.6%	(140,713)	-14.1%
Inventory consumed	363,475	18,083	235,933	329,496	71.6%	(93,563)	-28.4%	64.9%	(97,253)	-26.8%
Debt impairment	526,399	131,600	526,399	472,120	111.5%	54,279	11.5%	100.0%	43,867	8.3%
Depreciation and amortisation	90,200	87,394	87,394	82,683	105.7%	4,711	5.7%	96.9%	4,711	5.2%
Interest	85,900	6,872	64,245	64,025	100.3%	219	0.3%	74.8%	(14,498)	-16.9%
Contracted services	50,356	1,420	22,883	45,635	50.1%	(22,751)	-49.9%	45.4%	(23,276)	-46.2%
Transfers and subsidies	4,450	5	2,088	4,062	51.4%	(1,973)	-48.6%	46.9%	(1,991)	-44.7%
Irrecoverable debts written off	-	1,051	1,071	-		1,071			1,071	
Operational costs	197,555	16,974	179,033	178,653	100.2%	380	0.2%	90.6%	(2,059)	-1.0%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	104,346	21,627	82,495	91,527	90.1%	(9,031)	-9.9%	79.1%	(13,155)	-12.6%
Total Expenditure	3,484,060	430,571	2,831,104	3,106,826	91.1%	(275,722)	-8.9%	81.3%	(362,618)	-10.4%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 May 2026 current YTD expenditure shows an unsatisfactory variance of minus 8.9%. The YTD actual amounted to R2,831,104 billion against the YTD Budget of R3,106,826 billion.

- ❖ Employee related costs show an unsatisfactory variance of minus 12.4%, due to Post-retirement benefit obligations that are not factored in and which will only be finalised as part of year-end procedures. There was a moratorium on the filling of non-critical vacancies and the sale of leave has been suspended, except for exiting employees.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 1.4%. 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. Concurrence was received from Local Government MEC for retrospective implementation from July 2025.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 10.6%. The invoice for May 2026 will be processed during June 2026.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 28.4%. Expenditure for the first month of the year is normally low, due to the later re-opening of the financial year after year-end closure. Various commitments are raised on the system, awaiting delivery of goods and services. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and that funds will be fully spent at year-end. The major backlog and deterioration of infrastructure is negatively influencing this expenditure line items and sound financial management of budgets is not always adequately exercised. 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 31 May 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 91.67%
≡ VOTE 1 - COUNCILLORS AND ADMIN	140,000	170,000	-	68,640	49.03%	40.38%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	70,000	82,000	-	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	-	28,800	41.74%	33.10%	UNSATISFACTORY
≡ VOTE 2 - MUNICIPAL AND GENERAL	25,297,000	39,557,000	2,550,371	30,027,476	118.70%	75.91%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	755,000	755,000	33,275	235,123	31.14%	31.14%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	350,000	340,000	2,734	69,755	19.93%	20.52%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	24,192,000	38,452,000	2,514,362	29,716,371	122.84%	77.28%	UNSATISFACTORY
≡ VOTE 3 - MUNICIPAL MANAGER	157,000	157,000	19,438	85,676	54.57%	54.57%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	140,000	136,000	19,438	71,584	51.13%	52.64%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	17,000	21,000	-	14,091	82.89%	67.10%	UNSATISFACTORY
≡ VOTE 4 - CORPORATE SERVICES	2,304,000	2,604,000	101,440	1,206,529	52.37%	46.33%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	871,000	1,096,400	25,895	653,239	75.00%	59.58%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	51,000	352,000	1,196	263,069	515.82%	74.74%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	650,000	620,000	-	87,529	13.47%	14.12%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	732,000	535,600	74,349	202,692	27.69%	37.84%	UNSATISFACTORY
≡ VOTE 5 - COMMUNITY SERVICES	33,989,400	41,183,400	529,996	19,883,564	58.50%	48.28%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,021,000	1,173,500	31,195	637,911	62.48%	54.36%	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	-	238,943	110.11%	84.73%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,116,000	1,111,000	48,269	796,096	71.33%	71.66%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	9,204,000	8,606,000	408,262	4,961,083	53.90%	57.65%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	336,400	341,400	5,804	125,662	37.35%	36.81%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	22,047,000	29,621,500	36,467	13,121,935	59.52%	44.30%	UNSATISFACTORY
≡ VOTE 6 - FINANCIAL SERVICES	2,190,000	2,315,000	75,862	1,746,775	79.76%	75.45%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,226,000	1,356,200	24,659	1,056,365	86.16%	77.89%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	172,000	165,500	5,943	117,139	68.10%	70.78%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	180,000	115,300	-	32,232	17.91%	27.96%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	612,000	678,000	45,260	541,039	88.40%	79.80%	UNSATISFACTORY
≡ VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	11,968,000	12,528,000	277,590	3,354,342	28.03%	26.77%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	387,000	464,000	-	164,628	42.54%	35.48%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	65,000	65,000	-	25,407	39.09%	39.09%	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	277,590	3,122,344	28.15%	26.92%	UNSATISFACTORY
≡ VOTE 8 - INFRASTRUCTURE SERVICES	255,806,914	264,960,914	14,528,022	179,560,186	70.19%	67.77%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	620,000	620,000	1,675	385,325	62.15%	62.15%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	68	68	3.39%	3.39%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,171,000	33,171,000	183,160	18,768,227	81.00%	56.58%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,845,000	2,310,000	63,196	1,042,614	56.51%	45.13%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	10,040,000	9,752,000	387,135	6,223,072	61.98%	63.81%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	575,000	560,000	3,454	47,042	8.18%	8.40%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	146,553,914	164,791,914	7,966,208	105,326,002	71.87%	63.91%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	53,754,000	5,923,126	47,767,838	65.44%	88.86%	SATISFACTORY
Grand Total	331,852,314	363,475,314	18,082,718	235,933,186	71.10%	64.91%	UNSATISFACTORY

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 31 May 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 91.67%
2480 - REFUSE	20,450,000	20,450,000	48,386	12,620,370	61.71%	61.71%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	100,000	100,000	5,986	16,203	16.20%	16.20%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	150,000	100,000	-	38,756	25.84%	38.76%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,400,000	6,400,000	367,486	4,327,982	67.62%	67.62%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	5,834	5.83%	5.83%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	13,700,000	13,750,000	-325,086	8,231,595	60.08%	59.87%	UNSATISFACTORY
2830 - ROADS	44,461,000	45,711,000	1,945,955	34,942,006	78.59%	76.44%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	68,000	68,000	73	37,292	54.84%	54.84%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	67,000	67,000	2,106	52,593	78.50%	78.50%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	44,326,000	45,576,000	1,943,776	34,852,121	78.63%	76.47%	UNSATISFACTORY
2840 - HOUSING	3,407,000	4,907,000	288,323	2,905,104	85.27%	59.20%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	121,000	121,000	-	79,195	65.45%	65.45%	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	-	109,853	81.37%	81.37%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	140,000	140,000	7,976	112,502	80.36%	80.36%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,010,000	4,510,000	280,348	2,603,555	86.50%	57.73%	UNSATISFACTORY
2850 - SEWERAGE	27,165,000	39,415,000	2,738,378	25,703,768	94.62%	65.21%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	35,000	35,000	-	17,361	49.60%	49.60%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	170,000	9,480	130,575	76.81%	76.81%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	295,000	295,000	11,839	228,167	77.34%	77.34%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,900,000	2,900,000	152,389	2,166,742	74.72%	74.72%	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	2,564,671	23,160,923	97.87%	64.49%	UNSATISFACTORY
2860 - WATER	129,773,000	117,527,000	7,295,064	83,630,631	64.44%	71.16%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	76,000	76,000	193	43,196	56.84%	56.84%	UNSATISFACTORY
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	23,001,000	33,001,000	173,680	18,637,652	81.03%	56.48%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	141,000	156,000	5,965	116,924	82.92%	74.95%	UNSATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,500,000	2,500,000	30,934	1,104,969	44.20%	44.20%	UNSATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	475,000	460,000	3,454	47,042	9.90%	10.23%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	30,580,000	27,580,000	1,157,712	15,913,011	52.04%	57.70%	UNSATISFACTORY
2326600 (INVENTORY - WATER)	73,000,000	53,754,000	5,923,126	47,767,838	65.44%	88.86%	SATISFACTORY
2880 - ELECTRICITY	53,268,000	59,268,000	1,714,413	30,756,271	57.74%	51.89%	UNSATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	180,000	180,000	539	96,430	53.57%	53.57%	UNSATISFACTORY
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	68	68	6.78%	6.78%	UNSATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	87,000	87,000	5,861	50,782	58.37%	58.37%	UNSATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	53,000,000	59,000,000	1,707,946	30,608,991	57.75%	51.88%	UNSATISFACTORY
Grand Total	278,524,000	287,278,000	14,030,519	190,558,150	68.42%	66.33%	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 but the matter has been resolved by the service provider.
- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the fourth quarter was processed during May 2026.
- ❖ Interest is showing a satisfactory variance of 0.3%. 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 R60,521 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 49.9%, as various line items is showing lower expenditure than anticipated.
- ❖ Transfers and subsidies showing negative variance of minus 48.6%. 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 0.2%.
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 R42,992 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 R10,058 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 minus 9.9%. 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 February and March 2026 has been processed on the system.

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 May 2026 is 91.67%. The total operational expenditure against the Adjustment budget is 81.3% spent, resulting in an unsatisfactory variance of minus 10.37%.

- ❖ Employee related costs show an unsatisfactory variance of minus 11.6%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 1.3%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 14.1%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 26.8%. Same factors are applicable as explained above.
- ❖ Debt impairment is showing a satisfactory variance of 8.3%. Same factors are applicable as explained above.
- ❖ Depreciation shows a satisfactory variance of 5.2%. Same factors are applicable as explained above.
- ❖ Interest is showing an unsatisfactory variance of minus 16.9%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is unsatisfactory at minus 46.2%, when compared to the Adjustment budget. The YTD expenditure is lower than anticipated.
- ❖ Transfers and subsidies show an unsatisfactory variance of minus 44.7%. Same factors are applicable as explained above.
- ❖ Operational cost is showing a satisfactory variance of minus 1.0%. Same factors are applicable as explained above.
- ❖ Other Losses is showing an unsatisfactory variance of minus 12.6%. Same factors are applicable as explained above.

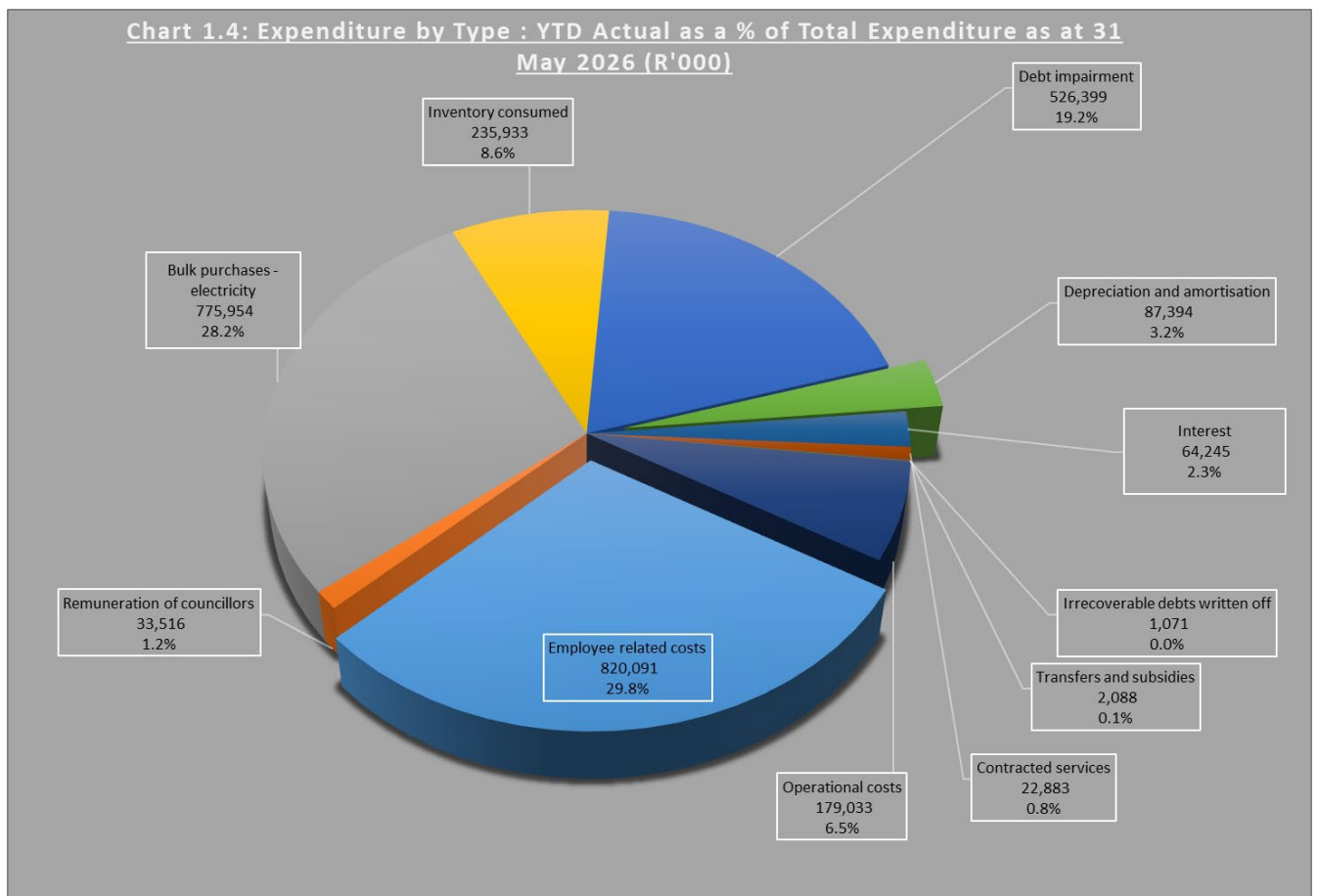


Chart 1.4: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 1.4 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 May 2026. The main cost drivers of the municipality are Employee Related Costs (29.8%), Bulk Purchases – Electricity (28.2%), Debt Impairment (19.2%) and Inventory consumed (8.6%).

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

- ❖ Employee costs, the Post-retirement benefit obligations will be finalized as part of the year-end procedures.
- ❖ 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 fourth quarter was processed during May 2026.
- ❖ The Eskom account for May 2026 will be captured during June 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 91.67% as at end of May 2026, Bulk Purchases Electricity is showing an unsatisfactory variance of minus 14.07%. The bulk invoice for May 2026 will be processed during June 2026.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 91.67%
BULK PURCHASES: ELECTRICITY	1,000,000,000	67,518,257	775,953,525	77.60%	-14.07%
Total	1,000,000,000	67,518,257	775,953,525	77.60%	-14.07%

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 9.3%, when compared to the ideal percentage of 91.67%. 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 February and March 2026 has been processed on the system.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 91.67%
INVENTORY - WATER	53,754,000	5,923,126	47,767,838	88.86%	-2.80%
NON-REVENUE WATER LOSSES	104,346,000	21,626,899	82,495,399	79.06%	-12.61%
Total	158,100,000	27,550,025	130,263,237	82.4%	-9.3%

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	1,043,385	735,716	–		307,669	211,510	60,522
Jul-25	146,873	146,873	–		–	–	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	56,000	–		27,316	27,316	6,844
Jan-26	88,135	88,135	–		–	–	5,284
Feb-26	81,367	81,367	–		–	–	5,763
Mar-26	85,475	85,475	–		–	–	5,619
Apr-26	84,516	50,000	–		34,516	34,516	6,870
May-26	96,159	–	–		96,159	–	4,536
Grand Total ESKOM	3,739,468	2,537,414	(107,114)	(248,128)	1,094,940	998,781	79,911

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to Eskom amounting to R1,094,940 billion. The first and second debt write off of R496 million must still be effected in the municipality's books. The total arrear debt amounts to R998,781 billion summarized as follows: 2021/22 (R275,682m); 2022/23 (R248,878m); 2023/24 (R85,767m); 2024/25 (R176,944m) and 2025/26 (R211,510m). The total interest charges on overdue accounts for the current financial year amounted to R60,521 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.

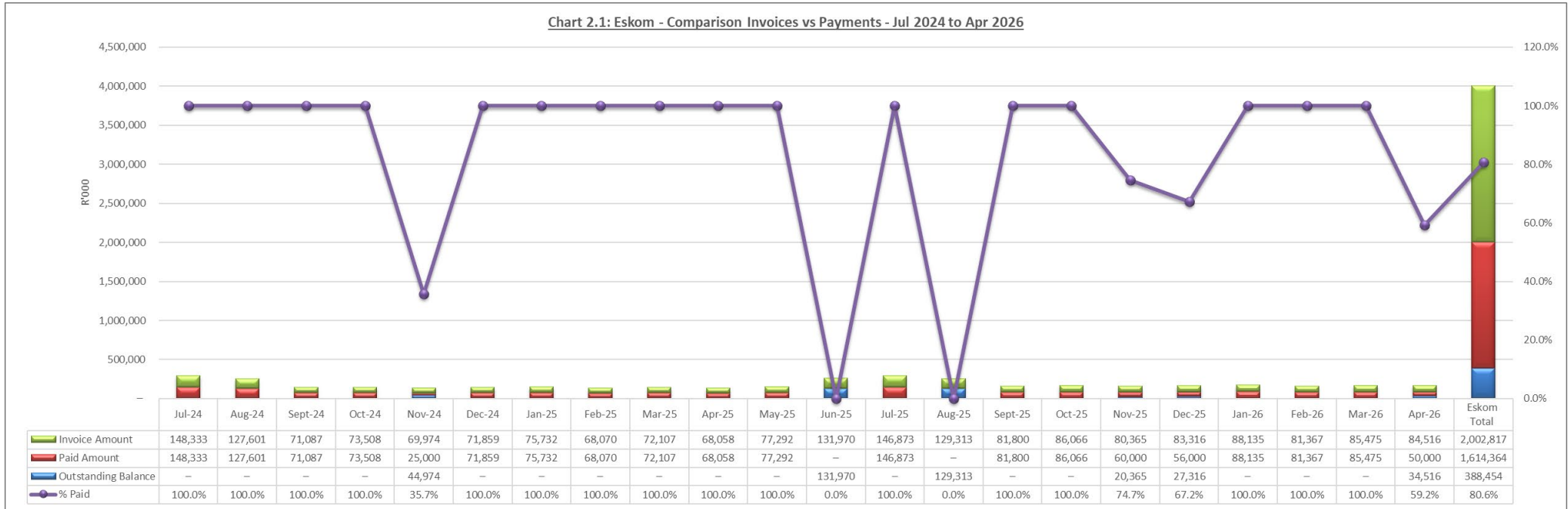


Chart 2.1: Eskom - Comparison Invoices vs Payments

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 May 2026 is excluded because it is not yet due and payable. It will also distort the percentage paid. The YTD actual until April 2026 show that 80.6% of invoices were settled, based on invoices raised of R2,002,817 billion versus payments of R1,614,364 billion. The percentage on partially paid invoices are November 2024 (35.7%); June 2025 (0%); August 2025 (0%), November 2025 (74.7%), December 2025 (67.2%) and April 2026 (59.2%). The total arrear outstanding balance for the period July 2024 to April 2026 amounts to R388,454 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 2022)	6,191	–	6,191	6,191
Aug-21	15,075	15,075	–	–
Sept-21	15,795	15,795	–	–
Oct-21	15,275	15,275	–	–
Nov-21	14,523	14,523	–	–
Dec-21	11,108	11,108	–	–
Jan-22	17,098	17,098	–	–
Feb-22	16,437	–	16,437	16,437
Mar-22	14,930	–	14,930	14,930
2023/24	150,526	150,526	–	–
Jul-23	15,303	15,303	–	–
Aug-23	13,588	13,588	–	–
Sept-23	18,332	18,332	–	–
Oct-23	17,633	17,633	–	–
Nov-23	17,070	17,070	–	–
Dec-23	13,333	13,333	–	–
Jan-24	13,333	13,333	–	–
Feb-24	36,046	36,046	–	–
Mar-24	5,194	5,194	–	–
Jun-24	694	694	–	–
2024/25	162,756	88,492	74,264	74,264
Jul-24	17,724	17,724	–	–
Aug-24	16,698	16,698	–	–
Sept-24	18,973	18,973	–	–
Oct-24	17,504	–	17,504	17,504
Nov-24	17,504	–	17,504	17,504
Dec-24	15,681	–	15,681	15,681
Jan-25	20,396	–	20,396	20,396
Feb-25	18,328	18,328	(0)	(0)
Mar-25	16,769	16,769	(0)	(0)
Jun-25	3,179	–	3,179	3,179
2025/26	178,922	20,043	158,878	158,878
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	21,740
Mar-26	16,202	–	16,202	16,202
Grand Total	618,635	347,934	270,701	270,701

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 R270,701 million. The total debt must be concurred with the Department. The total arrear debt amounts to R270,701 million which pertains to outstanding invoices for 2021/22 (R37,558m); 2024/25 (74,264m)

and 2025/26 (R158,878m). 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, December 2025, January, February and March 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, December 2025, January, February and March 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 R270 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.

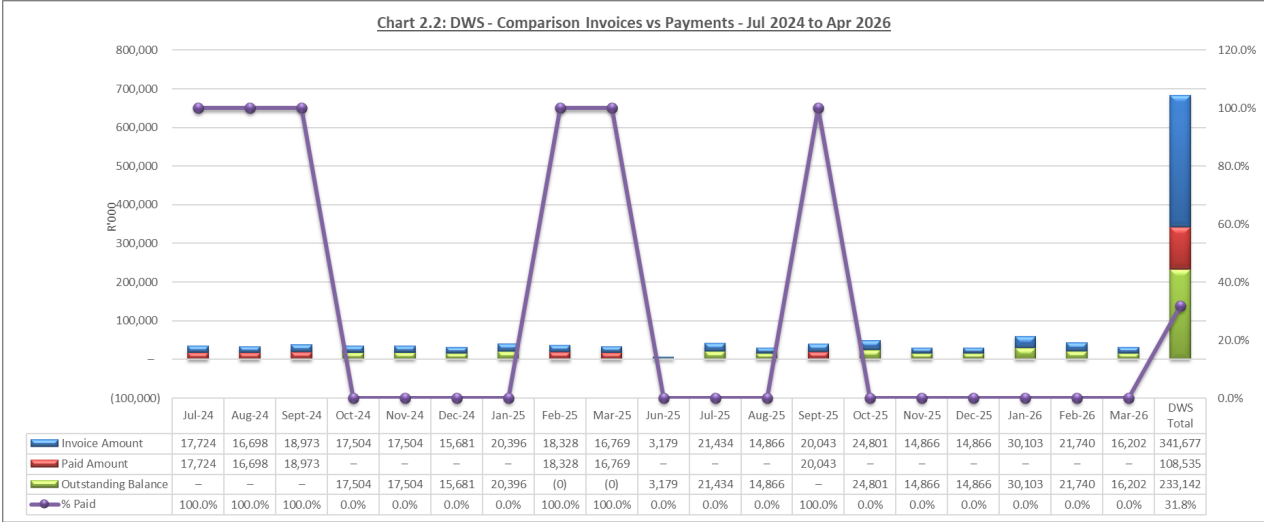


Chart 2.2: DWS - Comparison Invoices vs Payments

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 April 2026. There is no current account for April and May 2026, due to the servitude (free water quota) that commenced on 1 April. The YTD actual until March 2026 shows that 31.8% of invoices were settled, based on invoices raised of R341,677 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, February and March 2026 remain unpaid. The total arrear outstanding balance for the period July 2024 to March 2026 amounts to R233,142 million.

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

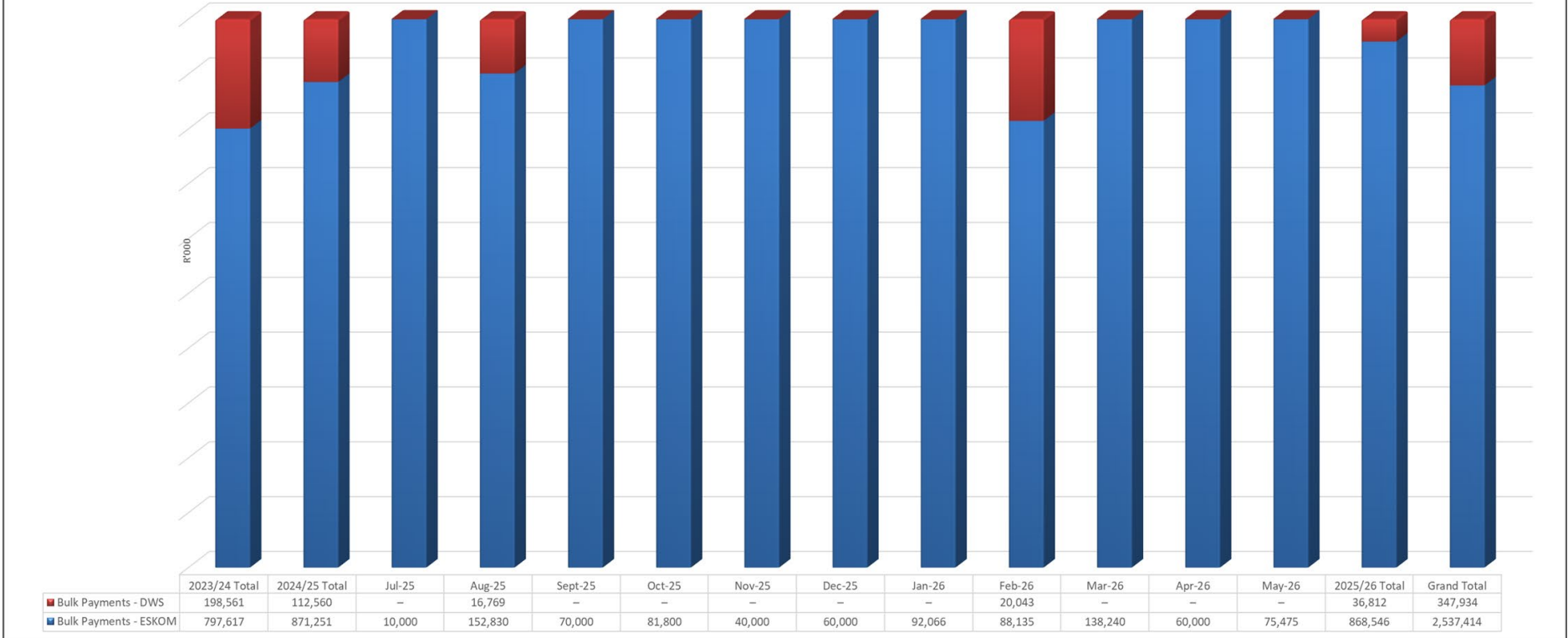


Chart 2.3: Monthly payments to DWS & ESKOM

Indicated in Chart 2.3 above, are the monthly payments made to DWS and ESKOM for 2023/24, 2024/25 and 2025/26 financial year as at 31 May 2026.

DWS – 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, February and March 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 partial payment of R50,000 million on the April 2026 account. A payment of R25,475 million was made on the March 2026 account and is now fully settled. 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 R868,546 million, resulting in the total payments for the three periods amounting to R2,537,414 billion. The high months remains a major concern.

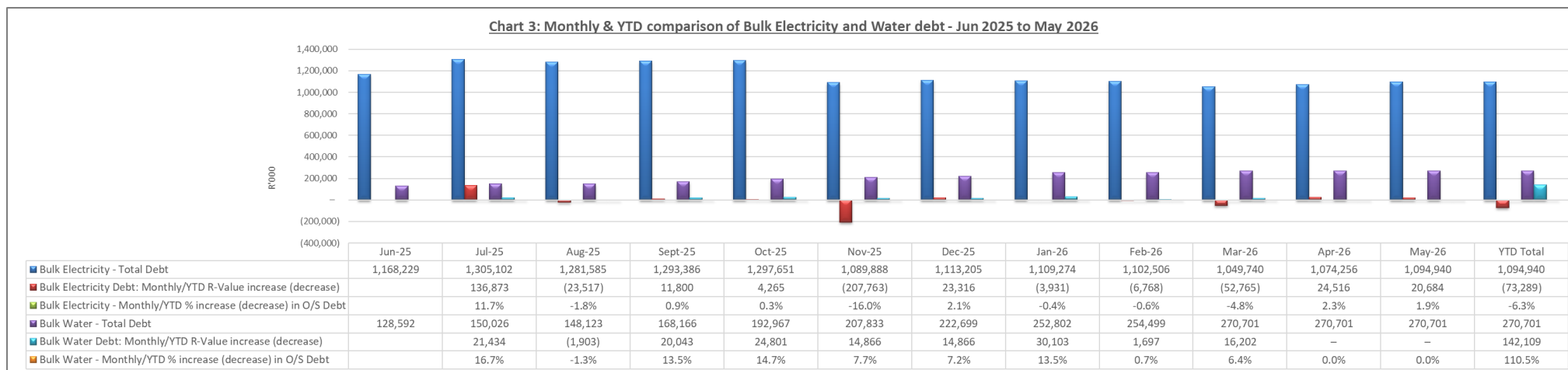


Chart 3: Monthly & YTD comparison – Bulk Electricity & Water debt

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

ESKOM - From April to May 2026, debt owed to ESKOM increased by R20,684 million or 1.9%, from R1,074,256 billion to R1,094,940 billion. When comparing the total outstanding debt to June 2025, the outstanding debt decreased by R73,289 million or 6.3%, from R1,168,229 billion to R1,094,940 billion. It should be noted that the debt write off for the second third debt write off is not taken into account.

DWS - From April to May 2026, debt owed to DWS remained the same at R270,701 million because there was no invoice raised for April and May 2026 due to the commencement of our servitude period. When comparing the total outstanding debt to June 2025, the outstanding debt increased by R142,109 million or 110.5% from R128,592 million to R270,701 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, February and March 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 6.3: 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 6.4: 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

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 % - 91.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	632,781	26,170	416,741	579,414	71.92%	(162,673)	-28.1%	65.9%	(163,308)	-25.8%
Funded by										
Capital transfers recognised	595,392	25,105	408,937	545,722	74.94%	(136,784)	-25.1%	68.7%	(136,838)	-23.0%
Internally generated funds	37,389	1,065	7,804	33,692	23.2%	(25,888)	-76.8%	20.9%	(26,470)	-70.8%
Weighting Capital transfer recognised	94.1%	95.9%	98.1%	94.2%						
Weighting Internally generated funds	5.9%	4.1%	1.9%	5.8%						

Table 7: High level summary: Capital Expenditure

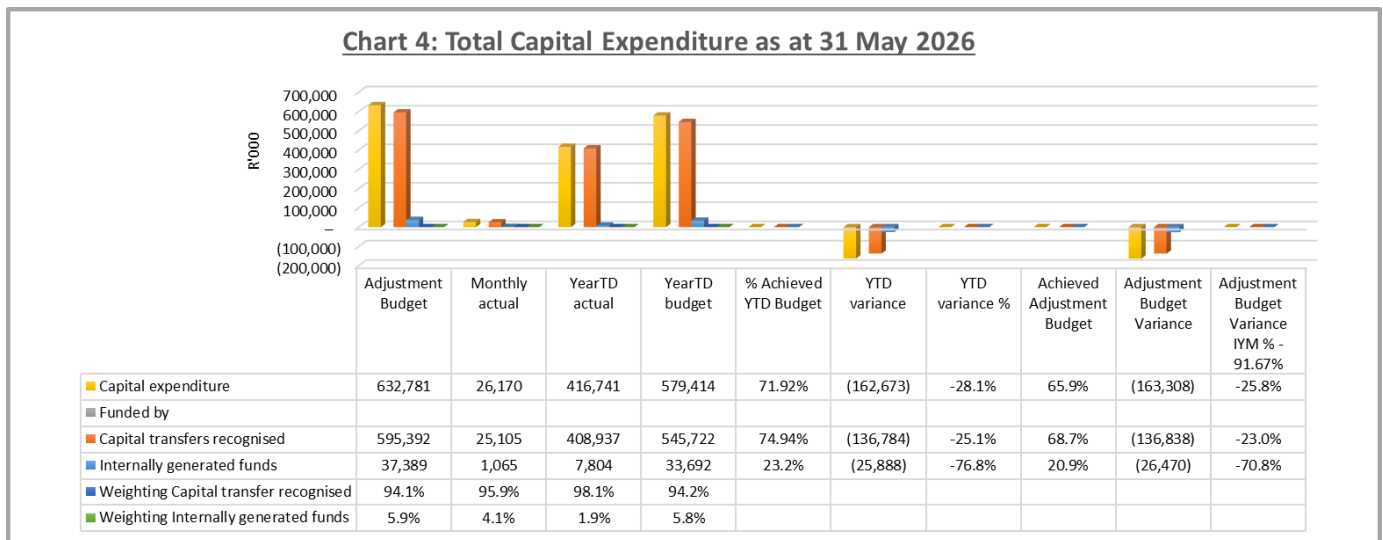


Chart 4: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of May 2026 amounted to R416,741 million and 71.92% spent when compared to the YTD budget of R579,414 million and 65.9% spent when compared to the Adjustment Budget of R632,781 million. The total YTD capex is funded from Capital grants R408,937 million (98.1%) and Internally generated funds R7,804 million (1.9%). Capex is slightly lower than anticipated but shows improvement when comparing the actual to the YTD budget. Intervention is required early in the financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

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

4.4 Cash flows

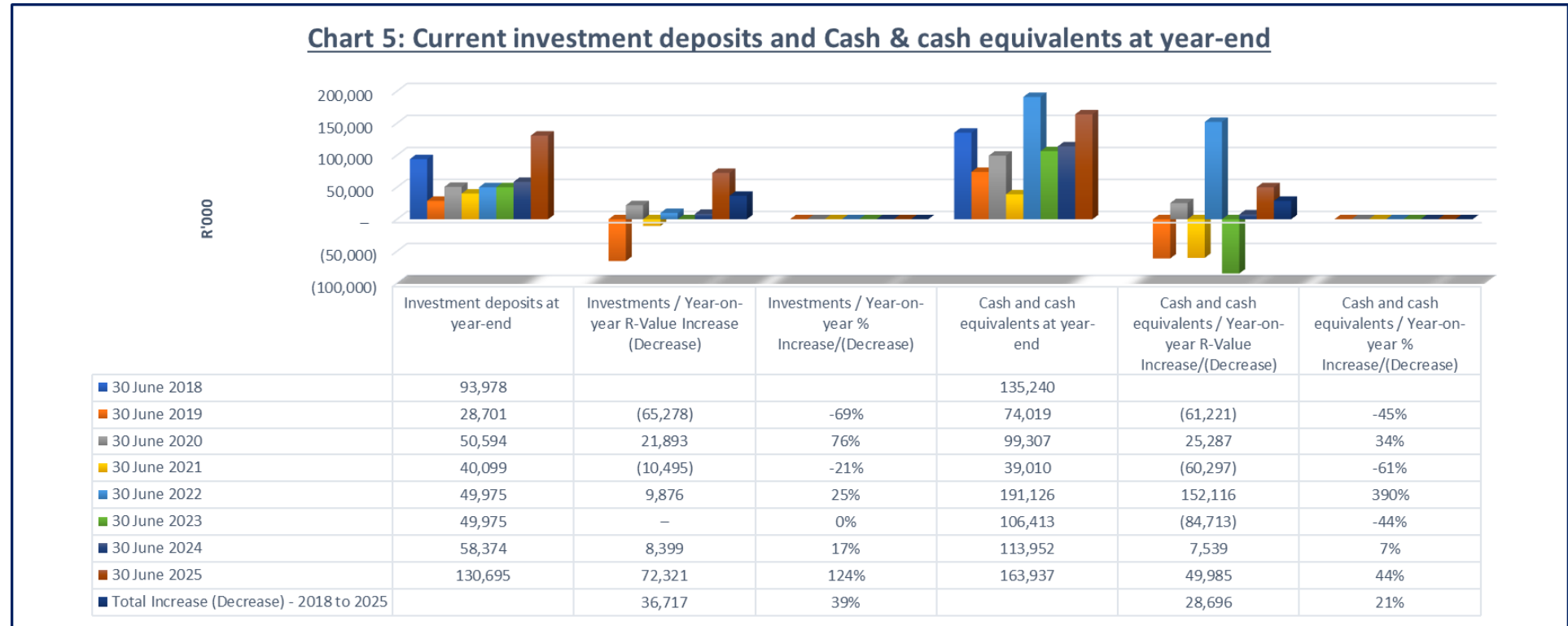


Chart 5: Call investment deposits and Cash & cash equivalents at year-end

Investments increased by R21,893 million (76%) from 2019 to 2020. Investments decreased by R10,495 million (21%) from 2020 to 2021. Investments increased by R9,876 million (25%) from 2021 to 2022. The total investment remained the same from 2022 to 2023 and increased by R8,399 million (17%) from 2023 to 2024 and increased by R72,321 million (124%) from 2024 to 2025. From 2018 to 2025, the total investments increased by R36,717 million (39%). The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 June 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

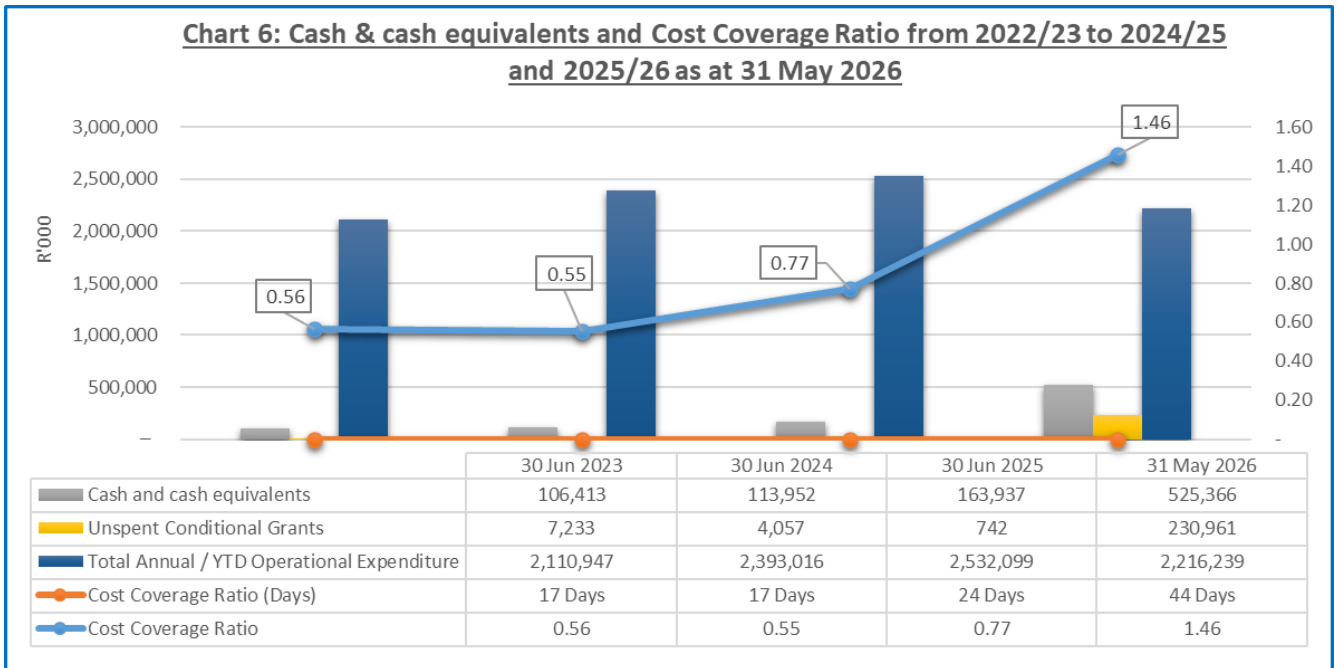


Chart 6: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 6 above, is the Cost coverage ratio, number of days coverage and the Cash and cash equivalents for the period. The required NT norm is 3 months Cost coverage. The audited outcome for the year ended 30 June 2023 (0.56; 17 days; R106,413m). The audited outcome for the year ended 30 June 2024 is (0.55; 17 days; R113,952m). The audited outcome for the year ended 30 June 2025 is (0.77; 24 days; R163,937m). The Cost coverage ratio as at 31 May 2026 is calculated at (1.46; 44 days; R525,366m). Unspent conditional grants amounted to R230,961 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	34,866	3.7%	23,281	2.4%	22,593	2.4%	872,385	91.5%	953,124	21.4%
Trade and Other Receivables from Exchange Transactions - Electricity	57,213	19.0%	19,619	6.5%	12,343	4.1%	211,961	70.4%	301,137	6.8%
Receivables from Non-exchange Transactions - Property Rates	61,067	7.4%	18,403	2.2%	15,745	1.9%	731,569	88.5%	826,784	18.6%
Receivables from Exchange Transactions - Waste Water Management	10,322	3.0%	7,199	2.1%	6,890	2.0%	325,033	93.0%	349,444	7.8%
Receivables from Exchange Transactions - Waste Management	8,329	3.1%	5,511	2.1%	5,231	2.0%	249,179	92.9%	268,249	6.0%
Receivables from Exchange Transactions - Property Rental Debtors	944	.9%	921	.8%	1,075	1.0%	107,453	97.3%	110,393	2.5%
Interest on Arrear Debtor Accounts	25,168	2.1%	20,083	1.7%	19,850	1.7%	1,124,550	94.5%	1,189,651	26.7%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
Other	9,287	2.0%	9,034	2.0%	52,522	11.5%	386,337	84.5%	457,180	10.3%
Total By Income Source	207,197	4.6%	104,051	2.3%	136,249	3.1%	4,008,466	90.0%	4,455,963	100.0%
Debtors Age Analysis By Customer Group										
Organs of State	35,705	5.9%	11,836	2.0%	53,880	8.9%	503,679	83.2%	605,100	13.6%
Commercial	65,506	9.8%	26,252	3.9%	17,770	2.6%	561,603	83.7%	671,131	15.1%
Households	102,459	3.4%	63,444	2.1%	62,021	2.0%	2,803,434	92.5%	3,031,358	68.0%
Other	3,527	2.4%	2,519	1.7%	2,577	1.7%	139,750	94.2%	148,374	3.3%
Total By Customer Group	207,197	4.6%	104,051	2.3%	136,249	3.1%	4,008,466	90.0%	4,455,963	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 R4,455,963 billion as at the end of May 2026 and the bulk of SPM's debt is aged over 90 days with an overall weighting of 90%.

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

- ❖ Interest on Arrear Debtor Accounts at 94.5%
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 97.3%
- ❖ Waste Water Management (93%) and Waste Management (92.9%).

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

- ❖ Receivables from Non-exchange Transactions - Property Rates at 18.6%
- ❖ Interest on Arrear Debtor Accounts 26.7%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 21.4%

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:

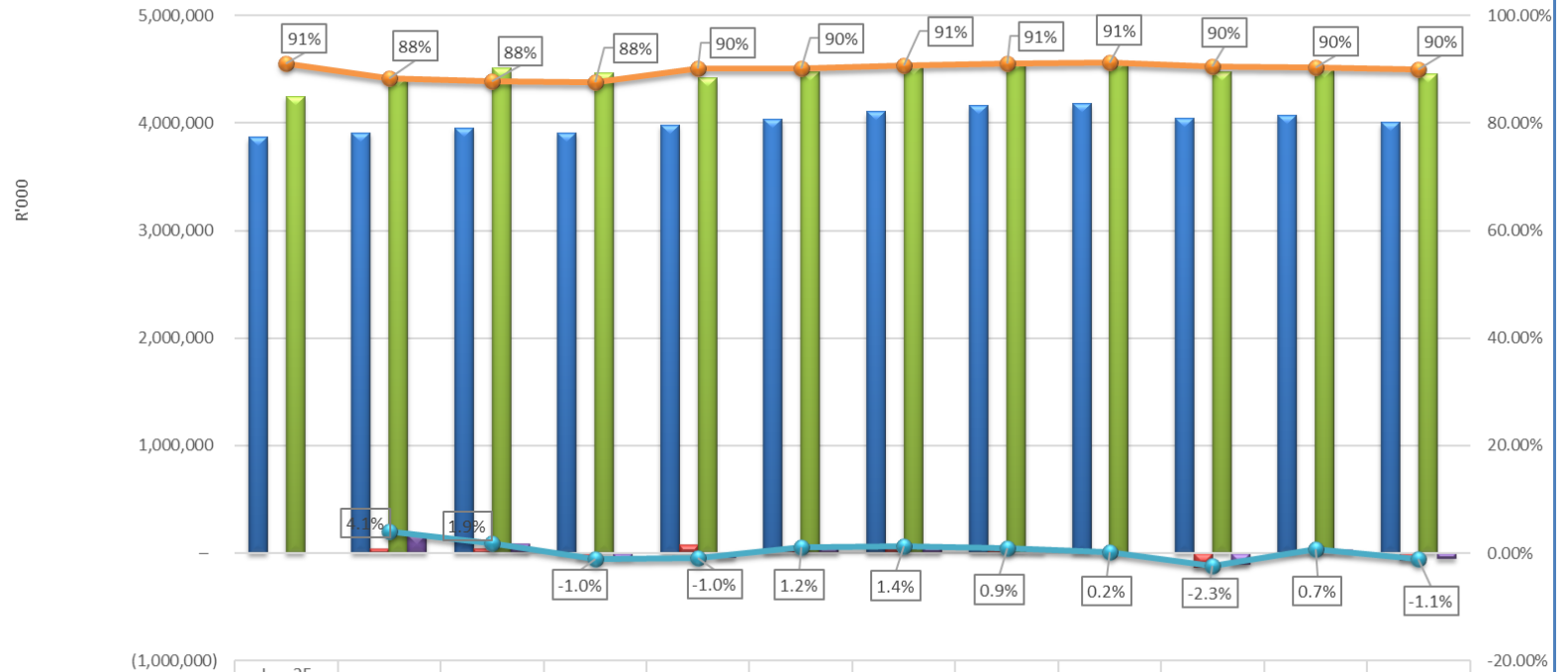
- ❖ Organs of State at 83.2%; Commercial at 83.7%; Households at 92.5% and Other at 94.2%.

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

- ❖ Organs of state at 13.6%, total debt outstanding is R605,100 million
- ❖ Businesses at 15.1%, total debt outstanding is R671,131 million
- ❖ Households at 68.0%, total debt outstanding is R3,031,358 billion
- ❖ Other at 3.3%, total debt outstanding is R148,374 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 90% for the month under review. Debt over 90 days decreased by R66,462 million in respect of the month-to-month comparison. The month-to-month decrease, on total debt amounted to R51,745 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 - May 2026



	Jun-25 (preliminary)	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-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	4,048,454	4,074,928	4,008,466
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	(133,555)	26,474	(66,462)
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	4,475,307	4,507,708	4,455,963
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	(105,496)	32,401	(51,745)
Month-to-Month % Increase (Decrease) on Total Debt		4.1%	1.9%	-1.0%	-1.0%	1.2%	1.4%	0.9%	0.2%	-2.3%	0.7%	-1.1%
% Weighting of Debt over 90 days	91%	88%	88%	88%	90%	90%	91%	91%	91%	90%	90%	90%

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 May 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.

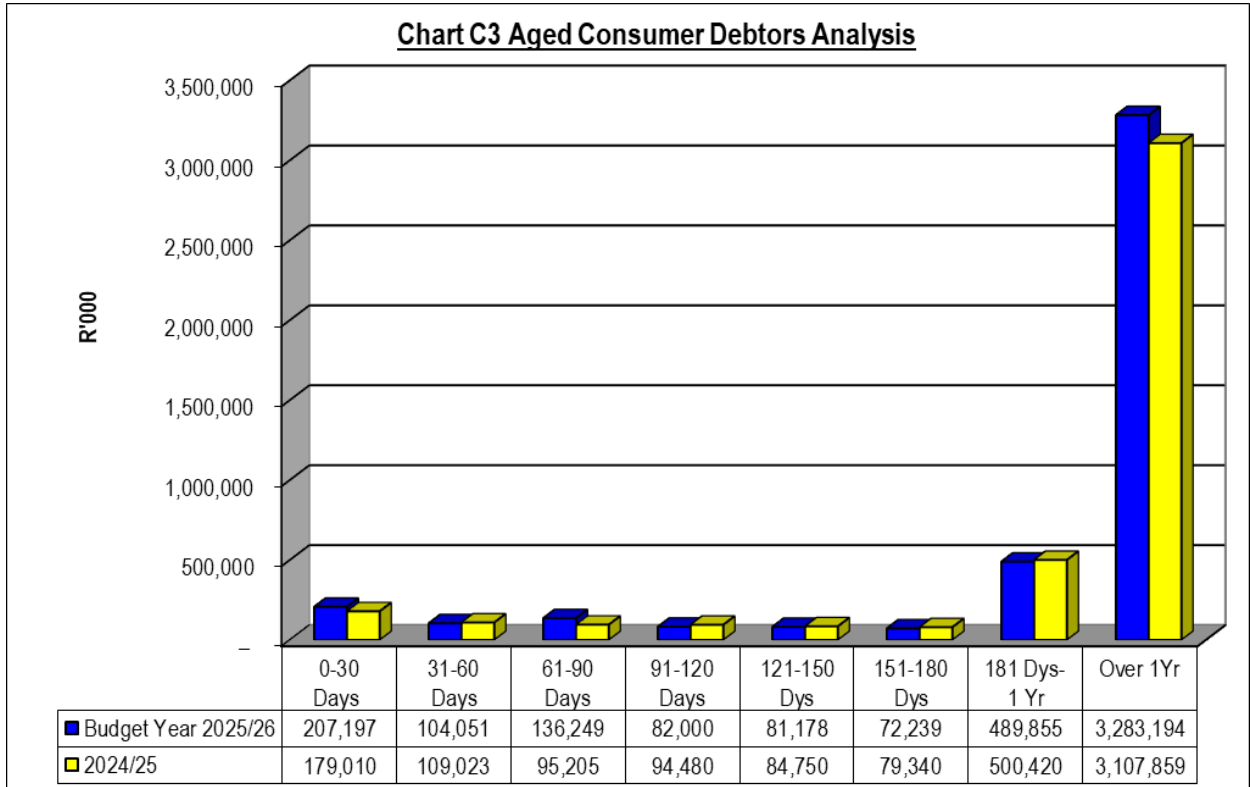


Chart 8: Aged Consumer Debtor Analysis

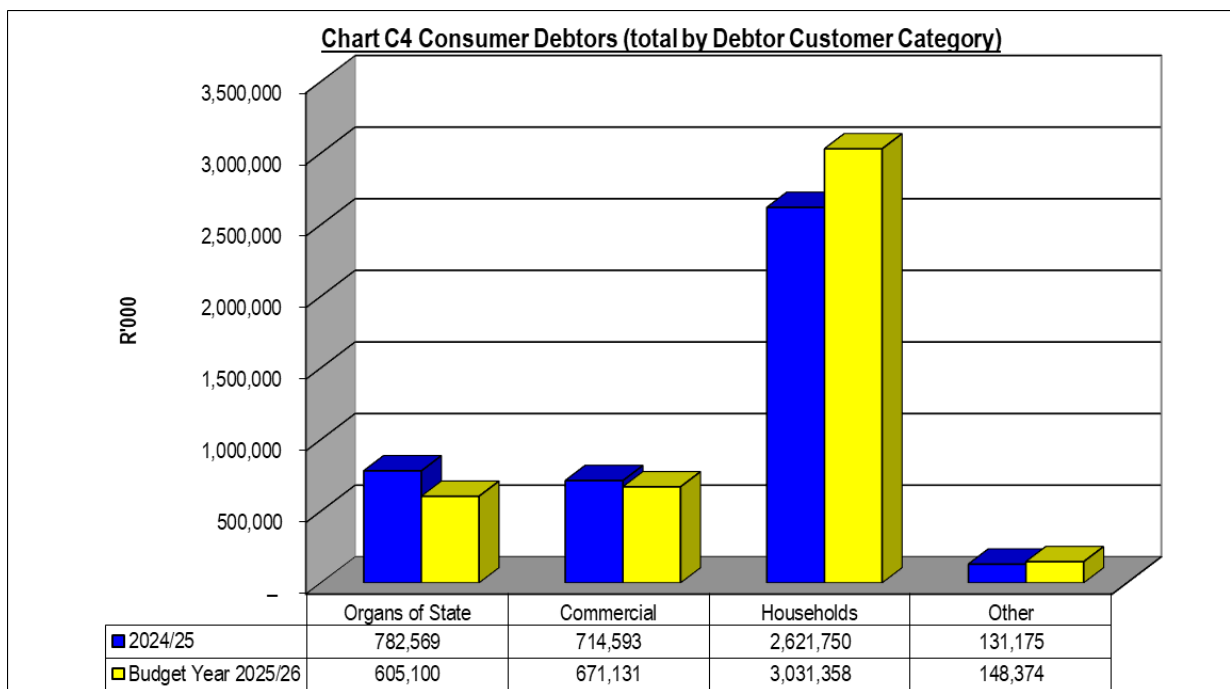


Chart 9: Consumer Debtors (total by Debtor Customer Category)

Revised collection rate

As per Table 9 below, when taking into consideration what was billed in April 2026 and received in May 2026, the monthly collection rate is 78%, for Property Rates and Service charges only. When including Other billing and receipts, the monthly collection rate is 80%. 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 R8,612 million and will be allocated during May 2026. Indicated in Table 10 below is the revised average collection rate of 84.2%, 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 third 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 May to 31 May 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.

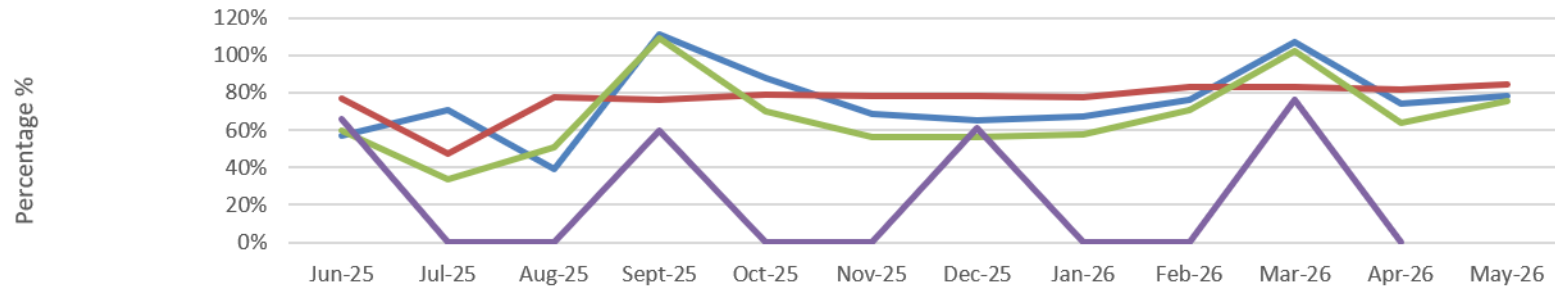
Monthly Collection Rate	Debits (Billed April 2026)	Credits (Received May 2026)	% Collected
PROPERTY RATES	53,447,233	37,906,396	71%
ELECTRICITY	52,874,731	52,720,024	100%
WATER	29,413,401	20,303,975	69%
SEWERAGE	10,596,381	4,793,979	45%
REFUSE	8,451,177	4,417,665	52%
PROPERTY RATES & SERVICES	154,782,923	120,142,039	78%
OTHER	25,746,791	24,894,297	97%
TOTAL	180,529,714	145,036,336	80%

Table 9: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL MAY 2026		YTD RECEIPTS	Rate
PROPERTY RATES	R	644,658,861	R 559,293,672	86.8%
SERVICE CHARGE ELECTRICITY	R	547,891,189	R 545,240,384	99.5%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	343,565,506	R 343,565,506	100.0%
SERVICE CHARGE WATER	R	305,698,332	R 168,277,267	55.0%
SERVICE CHARGE SANITATION	R	107,495,127	R 48,934,667	45.5%
SERVICE CHARGE REFUSE	R	81,255,765	R 42,827,609	52.7%
SERVICE CHARGES NON-EXCHANGE	R	10,654,928	R 2,553,970	24.0%
UNALLOCATED CREDITS			R 8,612,270	
REVISED AVERAGE COLLECTION RATE - MAY 2026	R	2,041,219,707	R 1,719,305,346	84.2%

Table 10: Revised Average collection rate

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



	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Monthly collection rate (Property rates and Services)	57%	71%	39%	111%	88%	69%	65%	67%	76%	107%	74%	78%
Revised average collection rate (SPLM)	77%	47%	77%	76%	79%	78%	78%	77%	83%	83%	82%	84%
Collection rate per Ward (Monthly)	60%	34%	51%	109%	70%	56%	56%	58%	70%	102%	64%	76%
Collection rate per Ward (Quarterly)	66%	-	-	60%	-	-	61%	-	-	76%	-	-

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 May 2026. The monthly collection rate (Property rates & Services) for May 2026 is unsatisfactory at 78%. The revised average collection for May 2026 which includes Prepaid sales and unallocated credits is 84%, 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 76% for the month under review. The quarterly collection rate per ward is not reported on because it is not yet the end of the fourth 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 R8,612 million was unallocated at month-end.

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

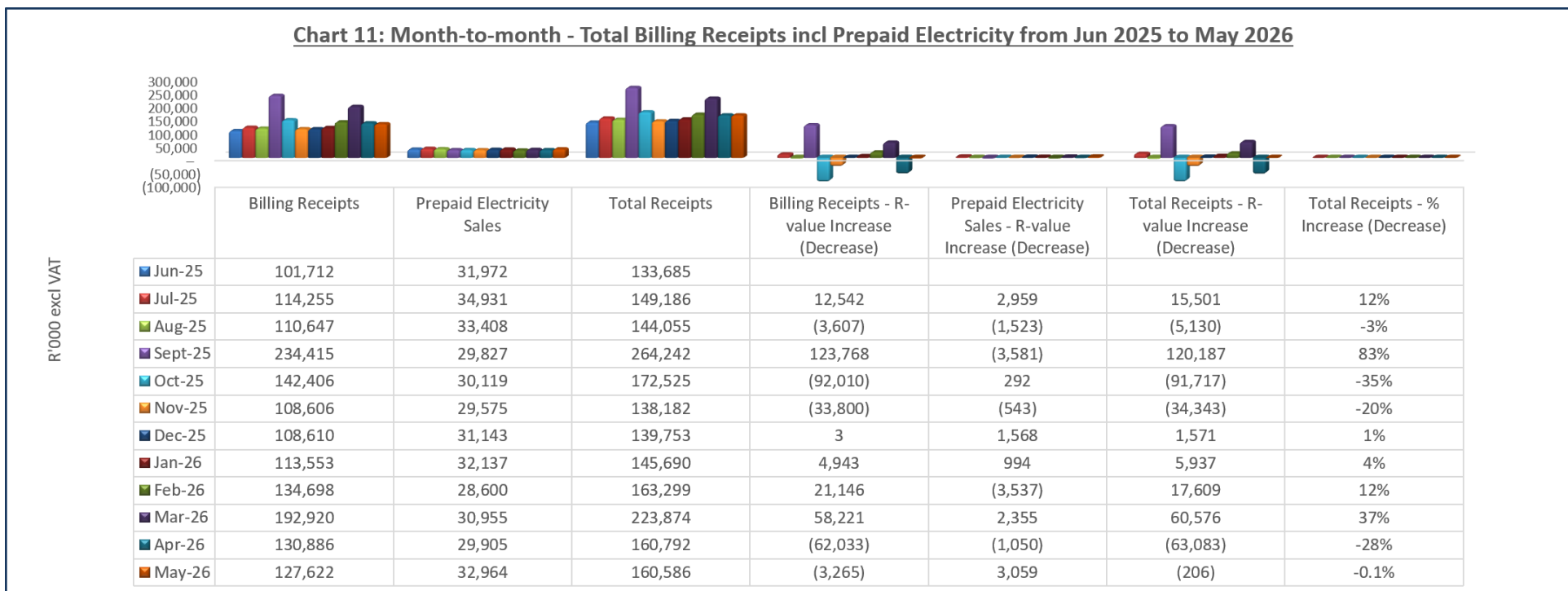


Chart 11: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 11 above, the Total Receipts for May 2026 amounted to R160,586 million which resulted in a decrease of R206 thousand (0.1%) in respect of the month-to-month comparison. Billing receipts decreased by R3,265 million, whilst Prepaid Electricity Sales increased by R3,059 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 R8,612 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated, and assistance is sourced from the bank, when the municipality is unable to trace receipts so that it can be allocated accurately.

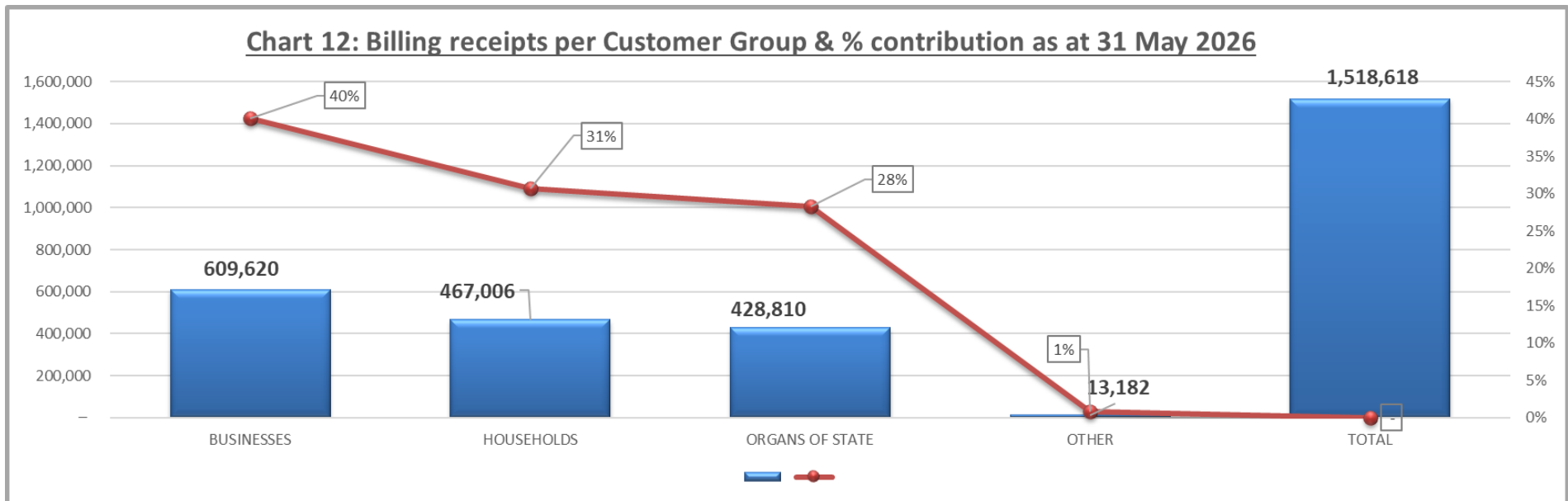


Chart 12: Billing receipts per Customer Group

Indicated in Chart 12 above, is the billing receipts and percentage contribution per major Customer group as at 31 May 2026 which amounts to R1,518,618 billion. The municipality received R609,620 million (40%) from Businesses, Households R467,006 million (31%), Organs of State R428,810 million (28%) and Other R13,182 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	96,159	8.8%	34,516	3.2%	-	-	964,265	88.1%	1,094,940	74.9%
Bulk Water	-	-	-	-	16,202	6.0%	254,499	94.0%	270,701	18.5%
PAYE deductions	12,193	100.0%	-	-	-	-	-	-	12,193	8%
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	8,920	100.0%	-	-	-	-	-	-	8,920	6%
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	15,684	37.9%	23,596	57.0%	419	1.0%	1,666	4.0%	41,365	2.8%
Auditor-General	410	100.0%	-	-	-	-	-	-	410	-
Other	12,705	54.0%	1,027	4.4%	0	-	9,790	41.6%	23,523	1.6%
Medical Aid deductions	9,293	100.0%	-	-	-	-	-	-	9,293	6%
Total	155,364	10.6%	59,139	4.0%	16,622	1.1%	1,230,220	84.2%	1,461,345	100.0%

Table 11: Part 5: Creditors Age Analysis

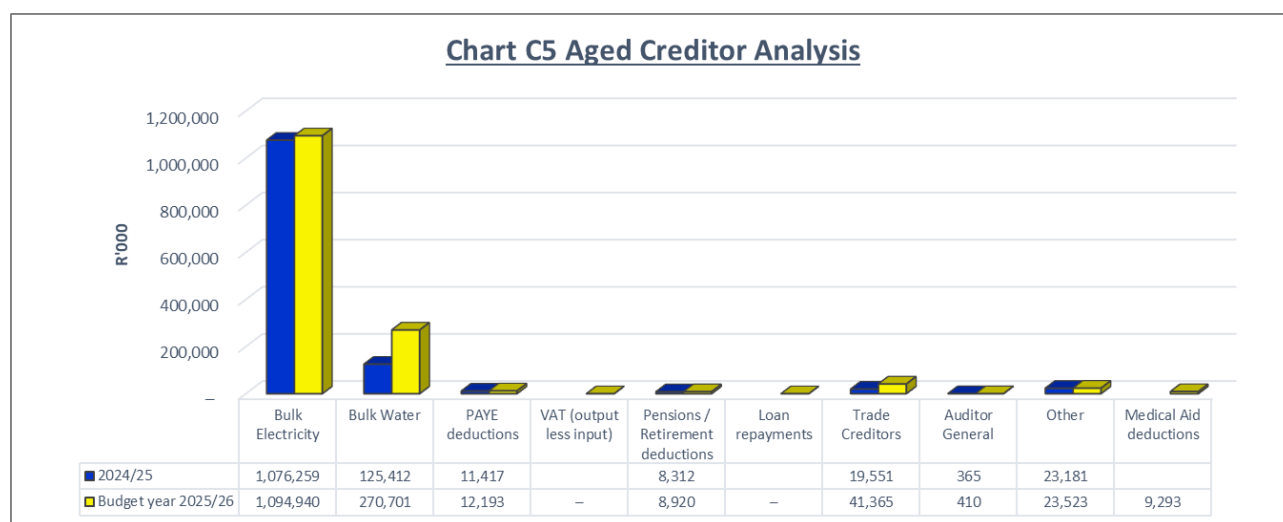


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2024/25 in Chart 13 is based on the outstanding creditors as at end of May 2025 (prior year totals for the same period). Articulated in Table 11 above, is the age creditors analysis, which is standing at R1,461,345 billion owed to creditors. The analysis shows that 10.6% of creditors is owed between 0 to 30 days, whilst 84.2% of creditors is owed over 90 days. Bulk Electricity is the largest creditor at 74.9%, followed by Bulk Water at 18.5%.

Bulk Electricity – As at the 31 May 2026, the outstanding debt owed to ESKOM amounted to R1,094,940 billion.

Bulk Water – As at the 31 May 2026, the outstanding debt owed to DWS amounted R270,701 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 R1,012 million to SARS.

PAYE and Pension statutory deductions are paid over monthly to the relevant institutions on or before 7 June 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 to the AGSA is R410 thousand.

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

Medical Aid deductions – medical aid contributions were settled on or before 07 June 2026 for the month under review.

8. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 May 2026, the value of total investments made was R447,118 million. Partially or prematurely withdrawn investments amounted to R2,514 million. Investment top-up for the month under review amounted to R0. 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.	21,831
• 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.	19,466
• Unspent Capital grant receipts that were invested for the current year.	230,961
• Own funds invested - • Committed funds invested including retentions	174,860
Total	447,118

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M11 May

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
Standard Bank 048466271-089		6 months	Call a/c	No	Variable	6.9	0			-	-	-	-	-
Standard Bank 04 846 6271- 090		48 hours	Notice	No	Fixed	8.85%	0	n/a		-	-	-	-	-
Standard Bank - 04 846 6271-092		6 months	Notice	No	Fixed	892.00%	0	n/a		145,321	914	(914)	-	145,321
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	9.71%	0		2023/06/28	7,891	45	-	-	7,936
Standard Bank - 04 846 6271-091		Monthly	Notice	No	Fixed	890.00%	0	n/a	2024/06/30	5,000	33	(33)	-	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	-	-	-	-	-
Standard Bank 048466271-073		4 months	Fixed	Yes	Fixed	745.00%	0		2026/06/28	11,461	69	-	-	11,530
Absa - 94 0279 0375		Monthly	Notice	No	Variable	745.00%	0	n/a	2026/06/30	255,500	1,568	(1,568)	-	255,500
Standard Bank - 04 846 6271-094		12 months	Fixed	No	Fixed	742.50%	0	n/a	2026/11/12	21,703	128	-	-	21,831
Municipality sub-total										446,876	2,756	(2,514)	-	447,118

Table 12: Supporting Table SC5: Investment portfolio

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

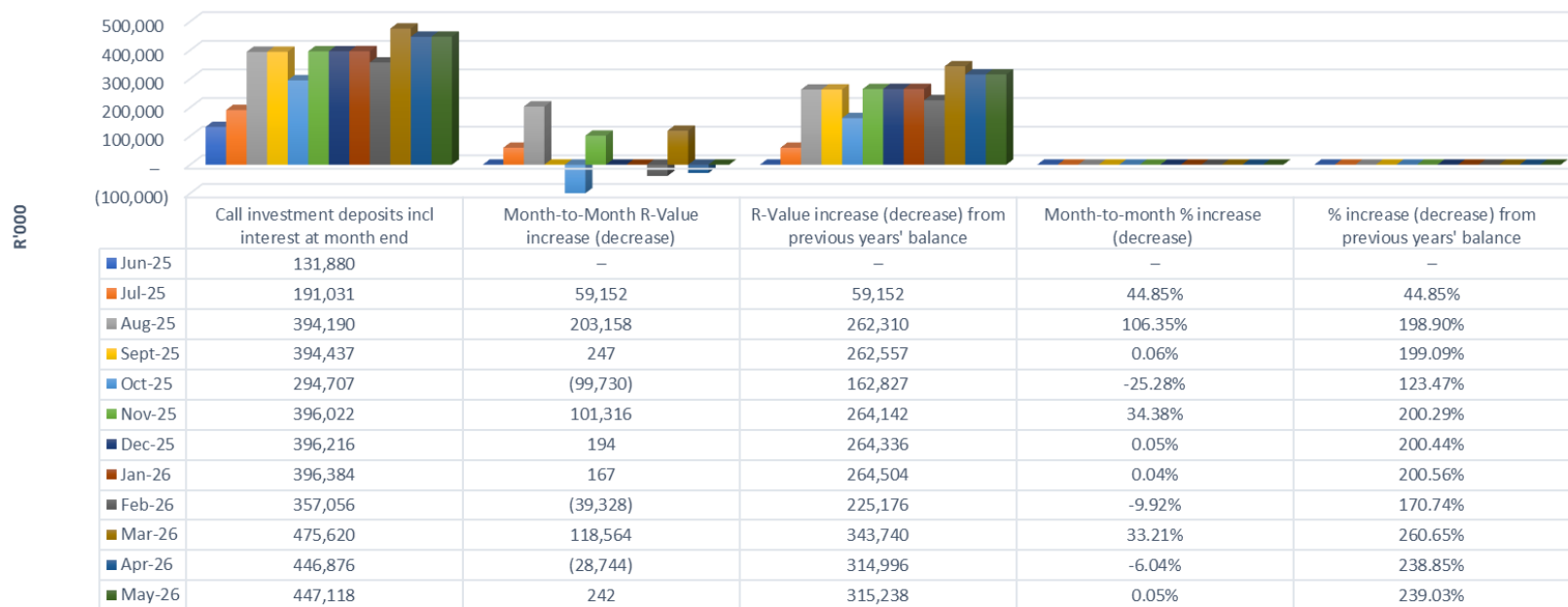


Chart 14: Call investment deposits at month-end

As indicated in the Chart 14 above from April to May 2026 investments incl interest increased by R242 thousand (0.05%), in respect of the month-to-month comparison. Investments increased by R315,238 million (239.03%) 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 municipality is in the process to finalise the basic and capacity charges for 2025/26. 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 - M11 May

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	1,006	313,300	288,447	24,853	8.6%	314,669
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		282,104	301,722	301,722	-	301,722	276,579	25,144	9.1%	301,722
Expanded Public Works Programme Integrated Grant		2,927	4,442	4,442	-	4,442	4,072	370	9.1%	4,442
Infrastructure Skills Development Grant		4,500	4,400	4,400	789	4,027	4,033	(6)	-0.2%	4,400
Integrated Urban Development Grant		2,759	2,305	2,305	217	2,313	2,113	200	9.5%	2,305
Local Government Financial Management Grant	3	1,800	1,800	1,800	-	795	1,650	(855)	-51.8%	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	113	1,213	14,441	(13,228)	-91.6%	16,737
Capacity Building and Other Grants		9,264	9,007	9,737	113	1,213	8,841	(7,628)	-86.3%	9,737
Infrastructure Grant		10,057	-	7,000	-	-	5,600	(5,600)	-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	1,119	314,513	302,887	11,625	3.8%	331,406
Capital Transfers and Grants										
National Government:		574,062	684,166	684,166	28,818	471,524	627,152	(155,628)	-24.8%	684,166
Energy Efficiency and Demand Side Management Grant		5,000	5,000	5,000	-	2,292	4,583	(2,291)	-50.0%	5,000
Integrated National Electrification Programme Grant		4,500	19,000	19,000	395	14,611	17,417	(2,805)	-16.1%	19,000
Integrated Urban Development Grant		72,562	76,066	76,066	4,545	48,784	69,727	(20,943)	-30.0%	76,066
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	100	100	-	-	92	(92)	-100.0%	100
Regional Bulk Infrastructure Grant		492,000	574,000	574,000	23,878	402,648	526,167	(123,519)	-23.5%	574,000
Water Services Infrastructure Grant		-	10,000	10,000	-	3,189	9,167	(5,978)	-65.2%	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	28,818	471,524	627,152	(155,628)	-24.8%	684,166
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	985,191	1,007,842	1,015,572	29,938	786,036	930,039	(144,003)	-15.5%	1,015,572

Table 13: Supporting Table SC6: Transfers and grant receipts

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

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

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

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M11 May

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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		144,938	145,524	157,668	9,515	125,283	138,433	(13,150)	-9.5%	157,668
Equitable Share		132,993	132,573	144,717	8,602	114,320	126,561	(12,242)	-9.7%	144,717
Expanded Public Works Programme Integrated Grant		3,143	4,442	4,442	38	4,606	4,072	534	13.1%	4,442
Infrastructure Skills Development Grant		4,373	4,400	4,400	686	3,502	4,033	(532)	-13.2%	4,400
Integrated Urban Development Grant		2,629	2,305	2,305	193	2,169	2,113	56	2.6%	2,305
Local Government Financial Management Grant		1,800	1,804	1,804	(5)	687	1,654	(967)	-58.5%	1,804
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		14,526	8,942	15,687	286	3,753	13,885	(10,132)	-73.0%	15,687
Capacity Building and Other Grants		9,055	8,942	9,687	104	1,204	8,794	(7,590)	-86.3%	9,687
Infrastructure Grant		5,471	-	6,000	182	2,550	5,092	(2,542)	-49.9%	6,000
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		159,464	154,467	173,356	9,800	129,036	152,318	(23,282)	-15.3%	173,356
Capital expenditure of Transfers and Grants										
National Government:		504,592	594,927	595,392	25,105	408,937	545,722	(136,784)	-25.1%	595,392
Energy Efficiency and Demand Side Management Grant		4,545	4,348	4,348	42	2,296	3,986	(1,689)	-42.4%	4,348
Integrated National Electrification Programme Grant		3,958	16,522	16,522	347	12,705	15,145	(2,439)	-16.1%	16,522
Integrated Urban Development Grant		64,588	66,144	66,609	3,952	42,421	61,004	(18,583)	-30.5%	66,609
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	87	87	-	-	80	(80)	-100.0%	87
Regional Bulk Infrastructure Grant		431,501	499,130	499,130	20,764	350,128	457,536	(107,408)	-23.5%	499,130
Water Services Infrastructure Grant		-	8,696	8,696	-	1,387	7,971	(6,584)	-82.6%	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	25,105	408,937	545,722	(136,784)	-25.1%	595,392
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		664,056	749,393	768,747	34,906	537,973	698,040	(160,066)	-22.9%	768,747

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.

Description (R'000)	Original Budget	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original	% Spent Adj Budget
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	66,609	3,952	42,421	2,561	64.13%	63.69%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	4,348	42	2,296	1,702	52.82%	52.82%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	499,130	20,764	350,128	-	70.15%	70.15%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	16,522	347	12,705	-	76.90%	76.90%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	87	87	-	-	-	0.00%	0.00%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	8,696	8,696	-	1,387	-	15.95%	15.95%
Grand Total	594,927	595,392	25,105	408,937	4,263	68.74%	68.68%

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R408,937 million or 68.68% 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 - M11 May						
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 - M11 May

Summary of Employee and Councillor remuneration	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		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		-	30,893	30,893	6,802	25,593	28,319	(2,726)	-10%	30,893
Pension and UIF Contributions		1,040	1,540	1,540	77	921	1,412	(490)	-35%	1,540
Medical Aid Contributions		657	710	710	54	609	651	(41)	-6%	710
Motor Vehicle Allowance		-	950	950	125	1,216	871	345	40%	950
Cellphone Allowance		3,048	2,910	2,910	251	2,784	2,667	117	4%	2,910
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		29,049	80	80	(4,241)	2,392	73	2,319	3162%	80
Sub Total - Councillors		33,794	37,083	37,083	3,068	33,516	33,993	(477)	-1%	37,083
% increase	4		9.7%	9.7%						9.7%
Senior Managers of the Municipality										
Basic Salaries and Wages		5,763	8,743	8,743	455	5,244	8,015	(2,770)	-35%	8,743
Pension and UIF Contributions		747	1,351	1,351	33	475	1,239	(764)	-62%	1,351
Medical Aid Contributions		208	140	198	16	201	174	27	15%	198
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1,136	2,113	2,113	102	1,119	1,937	(818)	-42%	2,113
Cellphone Allowance		115	198	198	11	123	182	(58)	-32%	198
Housing Allowances		21	24	24	2	20	22	(3)	-12%	24
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		29	31	31	1	14	29	(14)	-50%	31
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		8,018	12,601	12,659	619	7,197	11,597	(4,400)	-38%	12,659
% increase	4		57.2%	57.9%						57.9%
Other Municipal Staff										
Basic Salaries and Wages		463,558	538,612	535,451	40,761	453,949	491,109	(37,161)	-8%	535,451
Pension and UIF Contributions		83,957	99,661	102,214	7,515	80,913	93,398	(12,486)	-13%	102,214
Medical Aid Contributions		58,162	69,790	74,269	5,727	61,427	67,557	(6,130)	-9%	74,269
Overtime		78,779	58,301	76,236	8,725	76,585	67,830	8,756	13%	76,236
Performance Bonus		30,549	39,432	40,916	1,141	30,578	37,333	(6,755)	-18%	40,916
Motor Vehicle Allowance		41,631	50,362	50,308	3,352	37,229	46,122	(8,893)	-19%	50,308
Cellphone Allowance		1,585	1,740	1,743	134	1,406	1,598	(192)	-12%	1,743
Housing Allowances		4,158	3,152	3,199	236	2,631	2,927	(296)	-10%	3,199
Other benefits and allowances		31,886	32,935	36,209	3,657	31,032	32,857	(1,825)	-6%	36,209
Payments in lieu of leave		10,012	16,200	9,200	365	2,784	9,250	(6,466)	-70%	9,200
Long service awards		30,742	31,845	31,991	2,727	29,285	29,311	(26)	0%	31,991
Post-retirement benefit obligations		41,384	49,900	49,900	-	5,076	45,742	(40,666)	-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	74,340	812,895	925,034	(112,140)	-12%	1,011,636
% increase	4		13.2%	15.4%						15.4%
Total Parent Municipality		918,214	1,041,615	1,061,378	78,027	853,607	970,625	(117,017)	-12%	1,061,378
TOTAL SALARY, ALLOWANCES & BENEFITS		918,214	1,041,615	1,061,378	78,027	853,607	970,625	(117,017)	-12%	1,061,378
% increase	4		13.4%	15.6%						15.6%
TOTAL MANAGERS AND STAFF		884,420	1,004,532	1,024,295	74,960	820,091	936,632	(116,540)	-12%	1,024,295

Table 17: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 17 above, Employee related costs is showing an unsatisfactory variance of minus 12%. 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 a satisfactory variance of minus 1% 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. Concurrence was received from Local Government MEC for retrospective implementation from July 2025.

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, 2024/25 and 2025/26 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 May 2026.

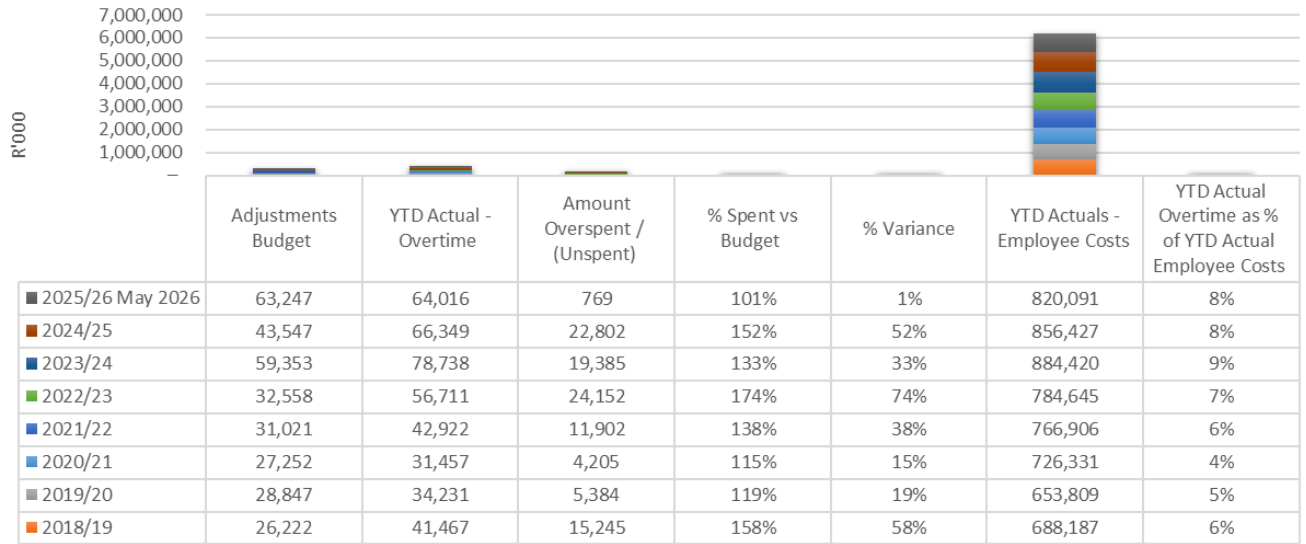
Description per line item (Amount in Rand)	Original Budget	Adjustments Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Spent of Adjustments Budget
MS: OVERTIME - NON STRUCTURED	42,176,000	59,555,000	7,390,106	60,988,800	145%	102%
MS: OVERTIME - STRUCTURED	3,506,000	3,692,000	229,375	3,027,451	86%	82%
Overtime as at 31 May 2026	45,682,000	63,247,000	7,619,481	64,016,251	140%	101%

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	94,972	1,097,101	196%	102%
21-MUNICIPAL AND GENERAL	-	-	-	-		
22-MUNICIPAL MANAGER	-	24,000	12,224	64,288		
23-CORPORATE SERVICES	2,035,000	5,006,000	572,271	4,750,637	233%	95%
24-COMMUNITY SERVICES	17,145,000	16,009,000	2,255,702	16,821,008	98%	105%
26-FINANCIAL SERVICES	1,216,000	2,016,000	283,469	2,125,323	175%	105%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	1,112,000	988,000	103,102	663,259	60%	67%
28-INFRASTRUCTURE SERVICES	23,614,000	38,132,000	4,297,741	38,494,635	163%	101%
Overtime as at 31 May 2026	45,682,000	63,247,000	7,619,481	64,016,251	140%	101%

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 101% spent versus the Adjustments budget, resulting in an unsatisfactory variance of 9.5% for the period under review, when compared to the ideal IYM percentage of 91.67%.

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 2025/26 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 2026. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. A 40-hour cap on Overtime has been instituted across all sections for 2024/25 and 2025/26 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 May 2026

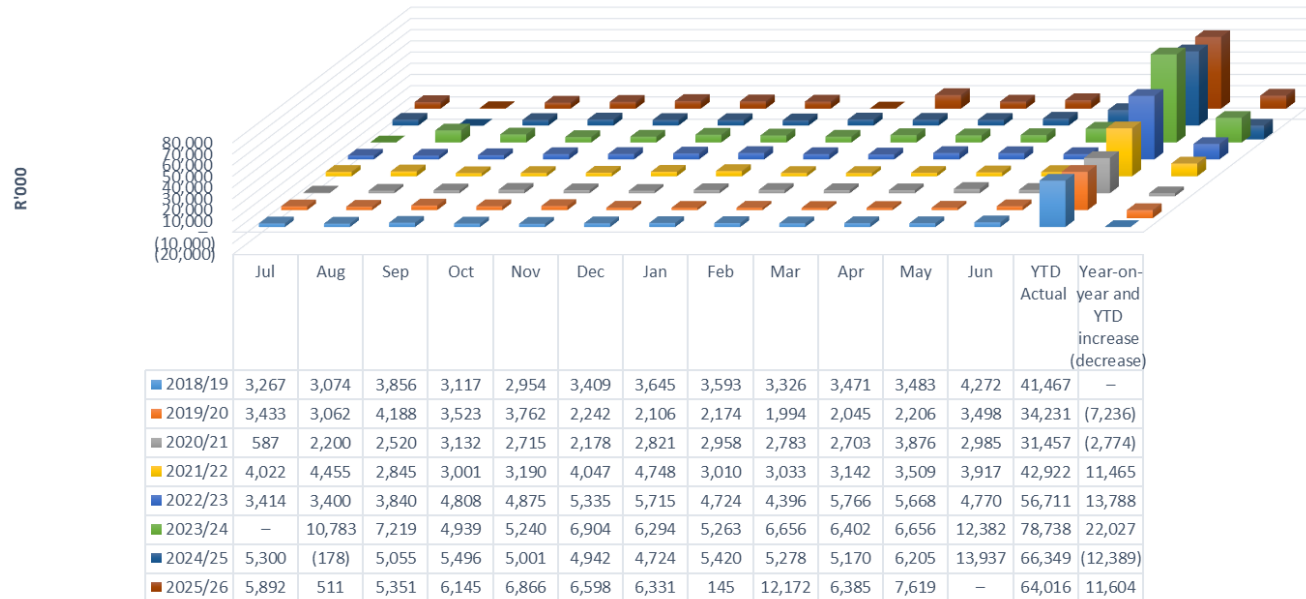


Chart 15.2: Monthly and Annual Overtime Comparison

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 30 June 2026.

12. Capital programme performance

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

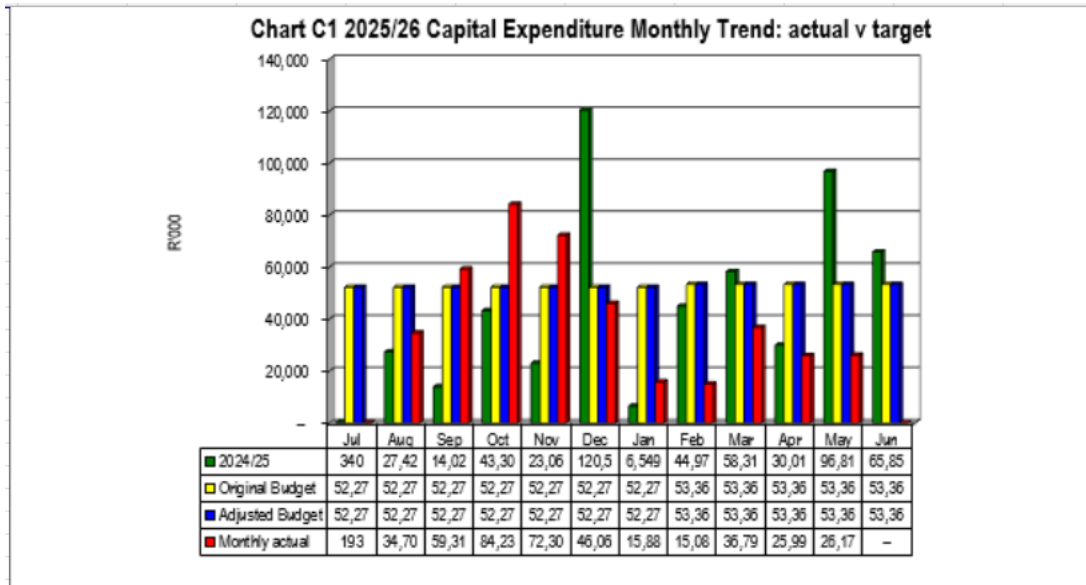


Chart 16.1: Capital Expenditure Monthly Trend: actual v target

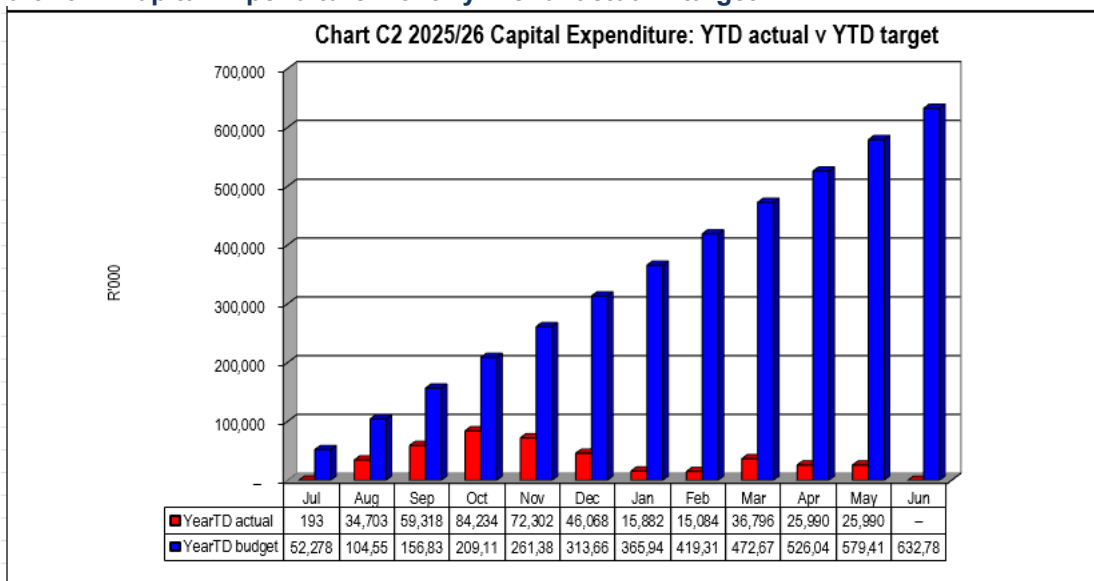


Chart 16.2: Capital Expenditure: YTD actual vs YTD target

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	1,065	7,804	784	24.08%	20.87%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	6,783	3,913	2	2,484	369	36.62%	63.48%
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	-	-	376	0.00%	0.00%
DSITRIBUTION 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	194	194	-	13.77%	34.15%
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	40	40	-	#DIV/O!	4.59%
TOWNSHIP ESTABLISHMENT	1,739	1,739	-	1,070	28	61.54%	61.54%
TOWNSHIP REVITALISATION	870	870	-	-	-	0.00%	0.00%
FENCING OF MARKET	2,039	2,039	-	2,039	-	100.00%	100.00%
REFURBISHMENT OF HOMEVALE WWTW	4,348	5,217	829	1,611	-	37.06%	30.89%
LERATO PARK SEWER UPGR DOWNSTREAM INFRA	-	8,696	-	-	-	#DIV/O!	0.00%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,144	66,609	3,952	42,421	2,561	64.13%	63.69%
UPGRADE GRAVEL ROADS WARDS VARIOUS	8,261	14,276	263	12,688	761	153.59%	88.88%
SPECIALISED FLEET REPLACEMENT	7,826	-	-	-	-	0.00%	#DIV/O!
ABLUTIONS KENILWORTH&PHUTANANG CEMETERY	-	249	-	-	-	#DIV/O!	0.00%
REFURBISHMENT OF HALLS	3,536	2,046	-	880	-	24.90%	43.03%
LINING OF STORMWATER CHANNELS WARD 16	2,609	3,913	71	2,193	1,258	84.05%	56.04%
CONSTRUCTION OLD SINK TOILETS	9,565	11,344	2,264	7,348	-	76.82%	64.78%
UPGRADE OF RITCHIE SPORTS GROUNDS	1,739	870	-	870	-	50.00%	100.00%
REDEVELOPMENT OF RC ELLIOT HALL	2,174	2,174	-	730	-	33.56%	33.56%
DEVELOPMENT OF RIVERTON HALL	870	435	-	435	-	50.00%	100.00%
FENCING OF ABC CEMETERY	5,217	5,217	-	5,217	-	99.99%	100.00%
SATELITE OFFICE CONTAINERS	870	-	-	-	-	0.00%	#DIV/O!
GREENPOINT BUSINESS DEVELOPMENT CENTRE	2,174	3,043	70	1,874	52	86.18%	61.56%
BEACONSFIELD WASTE WATER TREATMENT WORKS	12,609	12,609	1,284	6,636	-	52.63%	52.63%
HIGH MAST LIGHTS	8,696	8,696	-	3,551	492	40.84%	40.84%
UPGRADING OF ROODEPAN CEMETERY	-	1,739	-	-	-	#DIV/O!	0.00%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,348	4,348	42	2,296	1,702	52.82%	52.82%
STREETLIGHTS AND HIGH MAST RETROFITTING	4,348	4,348	42	2,296	1,702	52.82%	52.82%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	499,130	499,130	20,764	350,128	-	70.15%	70.15%
UPGRADE EXISTING/NEW RESERVOIR CONSTRUCT	46,541	29,391	507	22,141	-	47.57%	75.33%
REFURBISHMENT/REPLACEMENT BULK PIPELINE	366,547	198,317	-	198,252	-	54.09%	99.97%
KBY/RITCHIE NETWORK LEAK DETECT/REPAIR	32,220	40,626	532	32,205	-	99.95%	79.27%
KBY/RITCHIE BULK METERS/PRESSURE MANAGE	3,698	17,000	400	5,247	-	141.91%	30.87%
NEWTON AND RIVERTON WWTW	50,125	213,796	19,325	92,283	-	184.11%	43.16%
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	16,522	16,522	347	12,705	-	76.90%	76.90%
ELECTRIFICATION OF JACKSONVILLE	5,891	5,891	337	4,399	-	74.67%	74.67%
NETWORKS ACQ - ELECTR SANTA CENTRE	2,804	2,804	10	2,787	-	99.36%	99.36%
GALESHEWE TRANSFORMER	7,826	7,826	-	5,520	-	70.54%	70.54%
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	-	15.95%	15.95%
ACQ - CARTERS GLEN SEWER PUMP STATION	8,696	8,696	-	1,387	-	15.95%	15.95%
Grand Total	627,331	632,781	26,170	416,741	5,047	66.43%	65.86%

Table 19: Detailed capital expenditure report

Indicated in Table 19 above, is a list of projects with the applicable funding source compared to the Adjustments budget. Capital expenditure as at the end of May 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 May 2026 amounted to R26,170 million. The total YTD Capex amounts to R416,741 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 (63.69%), EEDSM (52.82%), RBIG (70.15%), INEP (76.90%), WSIG (15.95%). Spending on Internally generated funds is 20.87% 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 May 2026.

- The draft Monthly Debt Relief Non-Compliance Report accompanied by the Municipal Debt Relief Compliance Certificate issued by National Treasury for April 2026.
- The municipality's self-assessment for the month of May 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:

- 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 Agreement.
- National Treasury may not approve the final one-third debt write-off because of ongoing non-compliance.
- The municipality being removed from the Municipal Debt Relief programme and forfeiting the municipal debt write-off benefit of R248 million for the third and final 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 (Pay-as-you-earn (PAYE) deductions, pension and medical aid contributions) 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 cash received for Electricity and Water and Sanitation is accounted for on a daily basis in compliance to MFMA Circular 124.
 - 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 - M11 May

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	1,969	644,659	658,093	(13,434)	-2%	717,920
Service charges	1,449,088	1,761,512	1,766,433	102,284	1,385,906	1,618,656	(232,750)	-14%	1,766,433
Investment revenue	21,841	18,000	18,000	541	4,588	16,500	(11,932)	-72%	18,000
Transfers and subsidies - Operational	411,128	323,676	331,406	1,119	314,513	302,887	11,625	0	331,406
Other own revenue	430,140	413,080	394,974	17,346	308,585	364,172	(55,587)	-15%	394,974
Total Revenue (excluding capital transfers and contributions)	2,999,537	3,234,188	3,228,733	123,259	2,658,230	2,960,308	(302,078)	-10%	3,228,733
Employee costs	884,420	1,004,532	1,024,295	74,960	820,091	936,632	(116,540)	-12%	1,024,295
Remuneration of Councillors	33,794	37,083	37,083	3,068	33,516	33,993	(477)	-1%	37,083
Depreciation and amortisation	99,985	90,200	90,200	87,394	87,394	82,683	4,711	6%	90,200
Interest	85,783	15,880	85,900	6,872	64,245	64,025	219	0%	85,900
Inventory consumed and bulk purchases	1,182,440	1,331,852	1,363,475	85,601	1,011,887	1,197,496	(185,610)	-15%	1,363,475
Transfers and subsidies	2,807	4,300	4,450	5	2,088	4,062	(1,973)	-49%	4,450
Other expenditure	848,755	728,658	878,656	172,672	811,882	787,935	23,948	3%	878,656
Total Expenditure	3,137,984	3,212,506	3,484,060	430,571	2,831,104	3,106,826	(275,722)	-9%	3,484,060
Surplus/(Deficit)	(138,447)	21,682	(255,327)	(307,312)	(172,874)	(146,518)	(26,356)	18%	(255,327)
Transfers and subsidies - capital (monetary)	574,062	684,166	684,166	28,818	471,524	627,152	###	-25%	684,166
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	435,615	705,848	428,839	(278,493)	298,650	480,634	(181,984)	-38%	428,839
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	435,615	705,848	428,839	(278,493)	298,650	480,634	(181,984)	-38%	428,839
Capital expenditure & funds sources									
Capital expenditure	561,573	627,331	632,781	26,170	416,741	579,414	(162,673)	-28%	632,781
Capital transfers recognised	504,592	594,927	595,392	25,105	408,937	545,722	(136,784)	-25%	595,392
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	56,981	32,404	37,389	1,065	7,804	33,692	(25,888)	-77%	37,389
Total sources of capital funds	561,573	627,331	632,781	26,170	416,741	579,414	(162,673)	-28%	632,781
Financial position									
Total current assets	2,957,797	3,027,796	2,820,433		3,540,842				2,820,433
Total non current assets	2,718,554	3,131,060	3,136,510		3,047,901				3,136,510
Total current liabilities	1,204,094	1,669,231	1,744,326		1,825,872				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		3,612,181				3,769,690
Cash flows									
Net cash from (used) operating	517,024	753,802	619,910	16,235	383,232	568,251	185,019	33%	619,910
Net cash from (used) investing	(554,810)	(721,431)	(726,881)	(26,170)	(416,746)	(666,307)	(249,562)	37%	(726,881)
Net cash from (used) financing	100	(16,688)	(16,688)	(3)	47	(15,297)	(15,344)	100%	(16,688)
Cash/cash equivalents at the month/year end	76,040	146,574	7,232	130,442	130,442	17,537	(112,905)	-644%	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	207,197	104,051	136,249	82,000	81,178	72,239	489,855	3,283,194	4,455,963
Creditors Age Analysis									
Total Creditors	155,364	59,139	16,622	22,625	30,112	42,542	360,975	773,966	1,461,345

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M11 May

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	31,418	1,537,572	1,675,348	(137,776)	-8%	1,829,372
Executive and council		1,146,927	1,067,130	1,080,640	27,053	883,112	989,011	(105,899)	-11%	1,080,640
Finance and administration		721,351	748,732	748,732	4,365	654,460	686,337	(31,877)	-5%	748,732
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		52,398	46,152	51,404	3,101	33,736	46,507	(12,771)	-27%	51,404
Community and social services		12,453	12,888	13,410	574	4,175	12,232	(8,057)	-66%	13,410
Sport and recreation		3,217	2,910	2,910	215	2,881	2,668	213	8%	2,910
Public safety		818	570	570	18	380	523	(142)	-27%	570
Housing		31,910	29,708	29,938	2,295	26,300	27,417	(1,116)	-4%	29,938
Health		4,000	75	4,575	-	-	3,669	(3,669)	-100%	4,575
<i>Economic and environmental services</i>		21,781	23,377	25,876	1,436	13,835	23,428	(9,593)	-41%	25,876
Planning and development		8,200	9,207	9,907	644	8,029	9,000	(970)	-11%	9,907
Road transport		13,581	14,170	15,969	793	5,806	14,428	(8,623)	-60%	15,969
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,619,577	2,020,883	1,994,167	115,255	1,533,264	1,831,103	(297,838)	-16%	1,994,167
Energy sources		984,262	1,305,623	1,258,649	61,839	913,543	1,159,242	(245,699)	-21%	1,258,649
Water management		387,287	448,093	451,395	31,620	377,260	413,393	(36,133)	-9%	451,395
Waste water management		141,634	157,774	163,707	12,452	138,290	149,372	(11,082)	-7%	163,707
Waste management		106,393	109,393	120,416	9,344	104,171	109,095	(4,924)	-5%	120,416
<i>Other</i>	4	11,566	12,081	12,081	866	11,346	11,074	272	2%	12,081
Total Revenue - Functional	2	3,573,599	3,918,354	3,912,899	152,077	3,129,754	3,587,460	(457,707)	-13%	3,912,899
Expenditure - Functional										
<i>Governance and administration</i>		805,088	756,026	846,806	164,676	811,289	765,649	45,641	6%	846,806
Executive and council		566,451	532,963	606,037	141,884	553,381	547,009	6,372	1%	606,037
Finance and administration		234,475	219,046	236,752	22,342	253,591	214,957	38,634	18%	236,752
Internal audit		4,162	4,017	4,017	450	4,317	3,682	634	17%	4,017
<i>Community and public safety</i>		195,831	219,901	228,330	15,833	176,309	208,319	(32,010)	-15%	228,330
Community and social services		48,397	52,711	53,264	3,933	42,846	48,761	(5,915)	-12%	53,264
Sport and recreation		63,434	66,957	67,389	5,045	55,737	61,723	(5,986)	-10%	67,389
Public safety		42,589	47,422	50,124	3,346	39,307	45,631	(6,325)	-14%	50,124
Housing		22,733	31,345	30,278	1,962	21,512	27,879	(6,367)	-23%	30,278
Health		18,679	21,467	27,276	1,547	16,908	24,325	(7,417)	-30%	27,276
<i>Economic and environmental services</i>		179,646	189,177	213,418	14,605	177,354	192,805	(15,452)	-8%	213,418
Planning and development		48,260	55,838	55,643	4,149	46,483	51,029	(4,547)	-9%	55,643
Road transport		130,479	132,364	156,800	10,381	129,996	140,882	(10,887)	-8%	156,800
Environmental protection		907	975	975	76	875	894	(18)	-2%	975
<i>Trading services</i>		1,932,419	2,016,320	2,162,060	233,528	1,643,311	1,909,671	(266,360)	-14%	2,162,060
Energy sources		1,292,570	1,303,951	1,389,336	120,380	1,056,025	1,210,265	(154,241)	-13%	1,389,336
Water management		439,992	445,043	481,062	73,945	367,574	435,564	(67,991)	-16%	481,062
Waste water management		117,220	158,834	175,737	26,151	126,828	158,443	(31,615)	-20%	175,737
Waste management		82,637	108,493	115,925	13,051	92,884	105,398	(12,514)	-12%	115,925
<i>Other</i>		25,000	31,081	33,445	1,929	22,841	30,382	(7,541)	-25%	33,445
Total Expenditure - Functional	3	3,137,984	3,212,506	3,484,060	430,571	2,831,104	3,106,826	(275,722)	-9%	3,484,060
Surplus/ (Deficit) for the year		435,615	705,848	428,839	(278,493)	298,650	480,634	(181,984)	-0.3786335	428,839

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M11 May

Vote Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		1,146,927	1,067,130	1,080,640	27,053	883,112	989,011	(105,899)	-10.7%	1,080,640
Vote 03 - Municipal Manager		2,759	2,305	2,305	217	2,313	2,113	200	9.5%	2,305
Vote 04 - Corporate Services		6,263	6,110	6,110	793	4,074	5,601	(1,526)	-27.3%	6,110
Vote 05 - Community Services		149,002	148,586	164,631	10,433	122,269	149,040	(26,771)	-18.0%	164,631
Vote 06 - Financial Services		714,281	742,122	742,122	3,518	649,809	680,278	(30,469)	-4.5%	742,122
Vote 07 - Strategy Econ Development And Planning		8,419	10,003	10,703	1,132	8,531	9,729	(1,198)	-12.3%	10,703
Vote 08 - Infrastructure And Services		1,545,949	1,942,098	1,906,388	108,931	1,459,645	1,751,689	(292,044)	-16.7%	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	152,077	3,129,754	3,587,460	(457,707)	-12.8%	3,912,899
Expenditure by Vote	1									
Vote 01 - Executive & Council		57,033	61,221	61,955	4,794	54,401	56,706	(2,305)	-4.1%	61,955
Vote 02 - Municipal And General		495,160	464,832	536,992	136,103	486,201	483,824	2,377	0.5%	536,992
Vote 03 - Municipal Manager		29,886	30,614	31,271	2,200	25,862	28,588	(2,726)	-9.5%	31,271
Vote 04 - Corporate Services		73,335	81,513	89,312	6,527	73,083	80,960	(7,877)	-9.7%	89,312
Vote 05 - Community Services		320,158	363,848	381,544	32,351	308,049	347,684	(39,635)	-11.4%	381,544
Vote 06 - Financial Services		143,187	173,366	183,603	10,755	135,001	167,108	(32,107)	-19.2%	183,603
Vote 07 - Strategy Econ Development And Planning		55,692	76,090	78,020	4,463	49,363	71,293	(21,930)	-30.8%	78,020
Vote 08 - Infrastructure And Services		1,963,535	1,961,023	2,121,363	233,379	1,699,143	1,870,662	(171,519)	-9.2%	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	430,571	2,831,104	3,106,826	(275,722)	-8.9%	3,484,060
Surplus/ (Deficit) for the year	2	435,615	705,848	428,839	(278,493)	298,650	480,634	(181,984)	-37.9%	428,839

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May

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	60,241	891,457	1,117,554	(226,098)	-20%	1,219,183
Service charges - Water		312,941	362,722	363,126	25,084	305,698	332,818	(27,120)	-8%	363,126
Service charges - Waste Water Management		110,559	106,274	106,317	9,677	107,495	97,452	10,043	10%	106,317
Service charges - Waste management		83,147	73,593	77,807	7,281	81,256	70,831	10,425	15%	77,807
Sale of Goods and Rendering of Services		16,897	18,644	20,425	1,762	14,705	18,515	(3,810)	-21%	20,425
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		166,017	142,100	182,139	14,460	161,074	162,290	(1,215)	-1%	182,139
Interest from Current and Non Current Assets		21,841	18,000	18,000	541	4,568	16,500	(11,932)	-72%	18,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		32,057	29,740	29,740	2,308	26,512	27,262	(750)	-3%	29,740
Licence and permits		660	1,000	1,000	12	348	917	(569)	-62%	1,000
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		3,152	3,383	5,182	1,863	7,506	4,541	2,965	65%	5,182
Non-Exchange Revenue										
Property rates		687,339	717,920	717,920	1,969	644,659	658,093	(13,434)	-2%	717,920
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		36,851	34,743	34,743	1,498	4,560	31,848	(27,288)	-86%	34,743
Licence and permits		8,435	8,200	8,200	190	8,385	7,517	869	12%	8,200
Transfers and subsidies - Operational		411,128	323,676	331,406	1,119	314,513	302,887	11,625	4%	331,406
Interest		103,759	117,020	102,540	(5,761)	74,844	95,684	(20,840)	-22%	102,540
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		27,322	58,250	11,005	1,014	10,655	15,600	(4,945)	-32%	11,005
Gains on disposal of Assets		6,763	-	-	-	(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	123,259	2,658,230	2,960,308	(302,078)	-10%	3,228,733
Expenditure By Type										
Employee related costs		884,420	1,004,532	1,024,295	74,960	820,091	936,632	(116,540)	-12%	1,024,295
Remuneration of councillors		33,794	37,083	37,083	3,068	33,516	33,993	(477)	-1%	37,083
Bulk purchases - electricity		901,045	1,000,000	1,000,000	67,518	775,954	868,000	(92,046)	-11%	1,000,000
Inventory consumed		281,395	331,852	363,475	18,083	235,933	329,496	(93,563)	-28%	363,475
Debt impairment		476,743	437,149	526,399	131,600	526,399	472,120	54,279	11%	526,399
Depreciation and amortisation		99,985	90,200	90,200	87,394	87,394	82,683	4,711	6%	90,200
Interest		85,783	15,880	85,900	6,872	64,245	64,025	219	0%	85,900
Contracted services		125,349	45,856	50,356	1,420	22,883	45,635	(22,751)	-50%	50,356
Transfers and subsidies		2,807	4,300	4,450	5	2,088	4,062	(1,973)	-49%	4,450
Irrecoverable debts written off		-	-	-	1,051	1,071	-	1,071	#DIV/0!	-
Operational costs		151,187	176,654	197,555	16,974	179,033	178,653	380	0%	197,555
Losses on Disposal of Assets		929	-	-	-	-	-	-	-	-
Other Losses		94,546	69,000	104,346	21,627	82,495	91,527	(9,031)	-10%	104,346
Total Expenditure		3,137,984	3,212,506	3,484,060	430,571	2,831,104	3,106,826	(275,722)	-9%	3,484,060
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		574,062	684,166	684,166	28,818	471,524	627,152	(155,628)	(0)	684,166
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		435,615	705,848	428,839	(278,493)	298,650	480,634	(181,984)	(0)	428,839
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		435,615	705,848	428,839	(278,493)	298,650	480,634	(181,984)	(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	(278,493)	298,650	480,634	(181,984)	(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	(278,493)	298,650	480,634	(181,984)	(0)	428,839

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M11 May

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	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		2,214	1,739	870	-	870	899	(29)	-3%	870
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		3,043	6,579	4,654	-	2,045	4,421	(2,376)	-54%	4,654
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		143	3,130	3,130	-	1,276	2,870	(1,594)	-56%	3,130
Vote 08 - Infrastructure And Services		509,323	524,952	520,167	23,797	348,815	477,578	(128,763)	-27%	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	23,797	353,005	485,768	(132,763)	-27%	528,821
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		16,951	19,826	9,380	2	2,484	9,556	(7,072)	-74%	9,380
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		2,014	5,217	6,956	-	5,217	6,246	(1,029)	-16%	6,956
Vote 06 - Financial Services		-	870	-	-	-	101	(101)	-100%	-
Vote 07 - Strategy Econ Development And Planning		1,518	7,361	7,389	264	4,266	6,770	(2,504)	-37%	7,389
Vote 08 - Infrastructure And Services		26,368	57,657	80,235	2,108	51,769	70,972	(19,203)	-27%	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	2,374	63,736	93,646	(29,910)	-32%	103,960
Total Capital Expenditure		561,573	627,331	632,781	26,170	416,741	579,414	(162,673)	-28%	632,781
Capital Expenditure - Functional Classification										
Governance and administration		19,165	22,435	10,249	2	3,353	10,556	(7,202)	-68%	10,249
Executive and council		19,165	21,565	10,249	2	3,353	10,454	(7,101)	-68%	10,249
Finance and administration		-	870	-	-	-	101	(101)	-100%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,056	11,797	11,610	-	7,261	10,667	(3,406)	-32%	11,610
Community and social services		3,043	11,797	11,610	-	7,261	10,667	(3,406)	-32%	11,610
Sport and recreation		2,014	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		38,159	17,913	26,101	404	18,190	23,171	(4,982)	-22%	26,101
Planning and development		1,415	7,043	7,913	70	3,309	7,152	(3,843)	-54%	7,913
Road transport		36,744	10,870	18,188	334	14,881	16,019	(1,139)	-7%	18,188
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		498,947	571,739	582,213	25,570	385,704	532,532	(146,828)	-28%	582,213
Energy sources		34,000	30,000	30,870	429	18,593	28,196	(9,603)	-34%	30,870
Water management		444,716	499,565	499,565	20,764	350,128	457,993	(107,864)	-24%	499,565
Waste water management		20,231	42,174	51,778	4,377	16,982	46,343	(29,361)	-63%	51,778
Waste management		-	-	-	-	-	-	-	-	-
Other		246	3,448	2,607	194	2,233	2,488	(255)	-10%	2,607
Total Capital Expenditure - Functional Classification	3	561,573	627,331	632,781	26,170	416,741	579,414	(162,673)	-28%	632,781
Funded by:										
National Government		504,592	594,927	595,392	25,105	408,937	545,722	(136,784)	-25%	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	25,105	408,937	545,722	(136,784)	-25%	595,392
Borrowing										
Internally generated funds		56,981	32,404	37,389	1,065	7,804	33,692	(25,888)	-77%	37,389
Total Capital Funding		561,573	627,331	632,781	26,170	416,741	579,414	(162,673)	-28%	632,781

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M11 May

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	525,366	6,414
Trade and other receivables from exchange transactions		1,517,568	1,518,421	1,495,551	1,561,614	1,495,551
Receivables from non-exchange transactions		993,234	1,060,605	1,016,271	931,663	1,016,271
Current portion of non-current receivables		-	-	-	-	-
Inventory		107,239	112,013	112,013	152,362	112,013
VAT		175,145	189,484	189,484	369,159	189,484
Other current assets		704	699	699	679	699
Total current assets		2,957,797	3,027,796	2,820,433	3,540,842	2,820,433
Non current assets						
Investments						
Investment property		200,308	205,599	205,599	201,544	205,599
Property, plant and equipment		2,465,059	2,873,339	2,879,630	2,797,832	2,879,630
Biological assets						
Living and non-living resources						
Heritage assets		12,071	13,480	12,639	12,265	12,639
Intangible assets		41,117	38,642	38,642	36,259	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	3,047,901	3,136,510
TOTAL ASSETS		5,676,351	6,158,856	5,956,943	6,588,743	5,956,943
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	(16,688)	(16,688)	-	(16,688)
Consumer deposits		50,445	49,962	49,962	52,747	49,962
Trade and other payables from exchange transactions		900,690	1,191,824	1,266,824	1,251,638	1,266,824
Trade and other payables from non-exchange transactions		742	106,409	106,409	230,961	106,409
Provision		788	788	788	788	788
VAT		251,429	336,936	337,031	289,738	337,031
Other current liabilities		-	-	-	-	-
Total current liabilities		1,204,094	1,669,231	1,744,326	1,825,872	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	2,976,561	2,187,253
NET ASSETS	2	3,313,531	4,046,698	3,769,690	3,612,181	3,769,690
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		3,238,727	3,971,894	3,694,886	3,537,377	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	3,612,181	3,769,690

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M11 May


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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		468,755	610,232	610,232	32,482	556,813	559,379	(2,566)	0%	610,232
Service charges		1,254,616	1,891,008	1,841,542	102,805	1,164,696	1,688,080	(523,384)	-31%	1,841,542
Other revenue		1,080,654	421,814	440,858	39,517	584,159	404,120	180,039	45%	440,858
Transfers and Subsidies - Operational		312,601	323,676	331,406	692	336,884	303,789	33,095	11%	331,406
Transfers and Subsidies - Capital		574,597	684,166	684,166	-	679,371	627,152	52,219	8%	684,166
Interest		29,685	46,525	49,974	2,112	39,440	45,809	(6,369)	-14%	49,974
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(3,204,798)	(3,207,739)	(3,252,367)	(161,372)	(2,979,339)	(2,981,337)	(1,998)	0%	(3,252,367)
Interest		914	(15,880)	(85,900)	-	1,207	(78,742)	(79,949)	102%	(85,900)
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		517,024	753,802	619,910	16,235	383,232	568,251	185,019	33%	619,910
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6,763	-	-	-	(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)	(26,170)	(416,741)	(666,307)	(249,566)	37%	(726,881)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(554,810)	(721,431)	(726,881)	(26,170)	(416,746)	(666,307)	(249,562)	37%	(726,881)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		100	-	-	(3)	47	-	47	#DIV/0!	-
Payments										
Repayment of borrowing		-	(16,688)	(16,688)	-	-	(15,297)	(15,297)	100%	(16,688)
NET CASH FROM/(USED) FINANCING ACTIVITIES		100	(16,688)	(16,688)	(3)	47	(15,297)	(15,344)	100%	(16,688)
NET INCREASE/ (DECREASE) IN CASH HELD		(37,686)	15,684	(123,659)	(9,938)	(33,467)	(113,354)			(123,659)
Cash/cash equivalents at beginning:		113,726	130,891	130,891	140,380	163,909	130,891			163,909
Cash/cash equivalents at month/year end:		76,040	146,574	7,232	130,442	130,442	17,537			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 R525,366 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			
		National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003	
Municipality Self-Assessment			
Certificate of Compliance: Municipal Debt Relief Conditions for Application			
Period		May'26	
National Financial Year		2025/26	
Demarcation Code of Municipality being assessed		NC091	
District	Frances Baard		
Demarcation Description	Sol Plaatje		
<p>I, <u>Mr Bartholomew Malala</u>, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:</p>			
Municipal Debt Relief Conditions (Monthly reporting)			
		Choose from drop down list	
6.3 + Maintaining the Eskom and bulk water current account – <small>(current account for the purpose of this exercise means the account for a single month's consumption):</small>			
Condition	6.12		
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	Yes
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?	No
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Yes
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	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://guploadportal.treasury.gov.za?	Yes
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes
6.4 Compliance with a funded MTREF – <small>(choose from drop down list the MTREF assessed)</small>			
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?	2025/26 Man Adjustment MTREF
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

Notes/Comments

No current account was billed for May 2026 due to our servitude that commences 1st of April each year.

No payment was made to DWS

The municipality made a partial payment of R50,000 million on the April 2026 account amounting to R84,515 million. A payment of R25,475 million was made on the March 2026 account and is now fully settled.

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 NI 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 typo 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 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://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?	<input type="text" value="No"/>	
		<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124; condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>		
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	<input type="text" value="No"/>	The municipality had insufficient cash to settle arrear Water accounts and partially settled the Eskom current account for April 2026
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	<input type="text" value="No"/>	The municipality had insufficient cash to settle arrear Water accounts and partially settled the Eskom current account for April 2026
		<i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i>		
39		Supporting evidence - Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	<input type="text" value="Yes"/>	
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury; Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i>	<input type="text" value="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?	<input type="text" value="Yes"/>	
		<i>Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i>		

PT: HOD/ NT / MM Name: _____

Signature of HOD/ NT/ MM: _____

Date: _____

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

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

16.3 The National Treasury Debt Relief Compliance Assessment

The draft National Treasury debt relief compliance certificate and non-compliance report issued to the municipality for the month of April 2026 is attached to this S71 report.

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

The Municipality must implement the following actions as enforceable management requirements. These are not optional recommendations. They are the minimum interventions required to restore credibility to the April 2026 compliance position and to protect the remaining debt relief benefit.

1. Restore Eskom and DWS good standing immediately. The Municipality must submit a funded settlement plan for the Eskom good-standing amount of R493.313 million and the DWS amount of R255.997 million required to remain on the Department's Debt Incentive Programme. The plan must include funding sources, payment dates, responsible officials and Council oversight. Current accounts and repayment arrangements must be paid before lower-priority expenditure.
2. Implement a weekly bulk-payment command process. The Municipal Manager and CFO must chair a weekly process that reviews invoices, proof of payment, bank balances, cash collections, ring-fenced service revenue and arrear instalments. Minutes must be retained as MDRP evidence, and any missed payment must be escalated immediately with a funding response.
3. Replace narrative explanations with a condition tracker. Each condition must be tracked monthly against status, owner, deadline, value at risk, evidence submitted and corrective action. A repeated red status must trigger consequence management and Council escalation. The tracker must also include the seven validation matters reflected in the April CoC workbook.
4. Finalise the 2026/27 MTREF with a cash-backed funding test. The final budget must reconcile the technical surplus to actual collection performance and must include sensitivity analysis showing the effect of collection remaining at 82 per cent, improving to 85 per cent or reaching the 95 per cent debt relief benchmark. The final budget must protect debt impairment, depreciation, repairs and maintenance and first-call bulk-service obligations.
5. Correct and approve the tariff tool before final budget adoption. The April CoC records Condition 6.5 as No. The final tariff-tool pack must reconcile to Table A4, include all direct and indirect costs, allocate equitable share correctly, disclose debt impairment and depreciation assumptions, explain tariff shortfalls and set out a phase-in plan where tariffs are not yet fully cost reflective.
6. Enforce water restriction capability. The Municipality must provide a technical water-restriction plan that identifies the meters that cannot restrict supply, replacement needs, procurement route, legal process, budget and implementation milestones. The current position that most conventional water meters cannot restrict supply must be treated as a problem to be solved, not as a reason for continued non-compliance.
7. Intensify service-level collection recovery. The Municipality must target water, wastewater and refuse collection specifically, while also addressing government, business and household arrears. A general collection report is insufficient. The recovery plan must include debtor segmentation, top debtor actions, payment-arrangement enforcement, legal collections and monthly service-level recovery reporting.
8. Prepare a debt relief accounting confirmation signed by the CFO. The confirmation must reconcile the first and second write-off approval, the ledger processing, the compliance register and the remaining relief benefit at risk. The accounting file must be audit-ready and must be aligned to mSCOA, creditor statements and Eskom confirmations.
9. Strengthen Council oversight. Council must receive a monthly MDRP report that is short, direct and evidence based. The report must identify the conditions that passed, the conditions that failed, the reason for each failure, the corrective action and the financial consequence of inaction. Council must approve corrective actions and implementation instructions, not merely note the report.

10. Submit a management response matrix with the next GoMuni pack. The matrix must be signed by the Municipal Manager and CFO and must respond to each non-compliant or materially qualified condition separately. For each item it must set out the root cause, corrective action, amount involved, evidence to be submitted, responsible official and deadline. Without this matrix, the Municipality is likely to continue presenting broad explanations without enforceable accountability.

Conclusion

Sol Plaatje Local Municipality remains under severe financial pressure and its April 2026 MDRP performance does not provide sufficient assurance that the Municipality has restored the discipline required by MFMA Circular No. 124. The corrected April performance result is 31 compliant scored items out of 41, or 75.61 per cent, with a Moderate compliance rating. This result must not be overstated. The Municipality has made some progress in administrative reporting, Eskom monthly CoC scoring and draft budget preparation, but these positives are outweighed by DWS current-account failure, continued Eskom good-standing exposure, arrear instalment pressure, weak collection, non-implementation of water restriction, incomplete cost-reflective tariff-tool compliance and unresolved accounting treatment of the debt relief benefit.

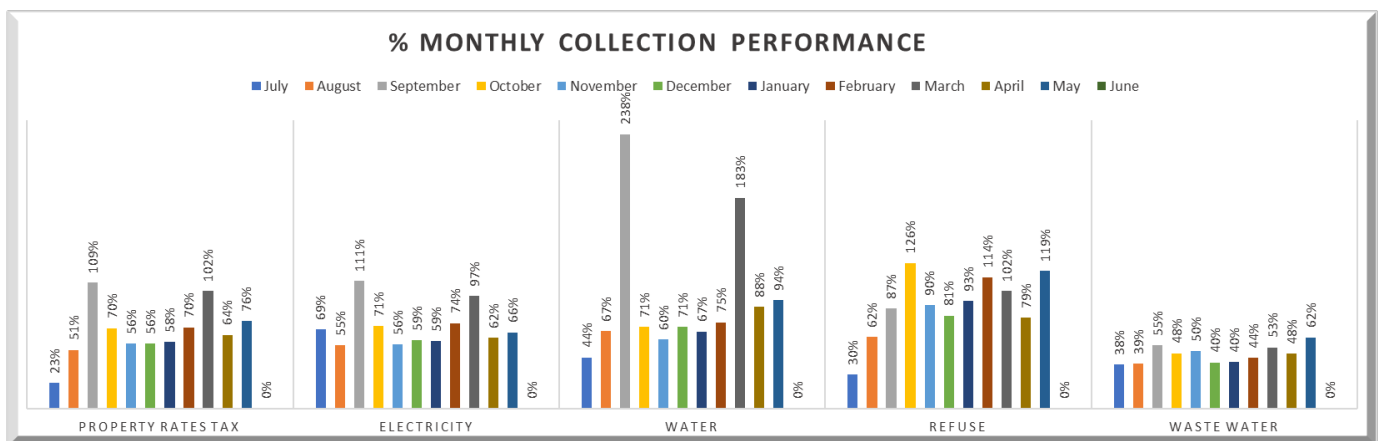
The draft 2026/27 MTREF and draft tariff tool provide an opportunity to correct the recovery path, but they do not remove the April risk. Condition 6.4 is technically positive because the draft MTREF reflects a funded position and a narrow operating surplus. However, that funded position is exposed to collection underperformance, aged debtors and creditor arrears. Condition 6.5 remains non-compliant because the tariff tool requires correction, completion and reconciliation before it can support a full cost-reflective tariff finding. These two conditions must be finalised properly before the adoption of the final budget.

The Municipality must act with urgency. The remaining relief benefit is material and cannot be placed at risk through weak implementation. Council, the Municipal Manager, the CFO and all responsible senior officials must treat this report as an instruction to correct the April 2026 failures. The Municipality must restore creditor discipline, intensify collections, complete the tariff and accounting requirements, implement water restriction controls and maintain a clean evidence trail through GoMuni and Section 71 reporting. Without these actions, National Treasury will have limited grounds to support further relief and the Municipality's recovery path will remain compromised.

It is recommended that National Treasury issue this April 2026 assessment to the Municipality with a requirement that the Municipal Manager and CFO submit a written response to each non-compliant and qualified condition. The response must be supported by auditable evidence and must be tabled before Council as a dedicated Municipal Debt Relief Programme item. The Municipality must demonstrate implementation before the next reporting cycle, not merely provide further explanations.

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



Aggregate Collection	Summary - Quarter 1				Summary - Quarter 2				Summary - Quarter 3				Summary - Quarter 4							
	Billing	Collection	R - Billing not collected	% Collection	Q1	Billing	Collection	R - Billing not collected	% Collection	Q2	Billing	Collection	R - Billing not collected	% Collection	Q3	Billing	Collection	R - Billing not collected	% Collection	Q4
1. Collection for whole demarcation	712,602,749	427,760,345	284,842,404	60%	60%	547,981,689	324,244,910	213,705,779	61%	61%	543,418,253	414,978,227	128,440,026	76%	76%	326,318,183	225,246,773	101,071,410	69%	69%
2. Collection <u>and Eskom supplied areas</u>	616,488,929	366,831,143	228,657,797	63%	63%	477,694,866	297,098,399	180,796,467	62%	62%	475,648,241	362,060,843	113,567,398	76%	76%	304,669,940	194,344,869	110,325,072	64%	64%
3. Collection: Property Rates	271,762,961	188,591,285	72,861,677	73%	73%	162,810,941	108,300,214	52,510,728	67%	67%	169,703,495	172,776,946	(13,073,451)	108%	108%	88,005,610	78,551,976	8,453,634	90%	90%
4. Total average collection: Electricity (Municipal supplied areas)	210,367,976	153,191,710	57,116,267	73%	73%	148,824,188	148,963,435	1,260,763	99%	99%	148,080,347	162,989,734	(14,889,387)	103%	103%	96,207,251	92,081,123	4,126,128	96%	96%
5. Total average collection: Water	89,997,083	41,022,306	48,474,778	46%	46%	101,759,190	46,827,859	54,937,465	46%	46%	105,898,580	47,841,529	58,057,052	45%	45%	60,010,888	22,626,828	37,384,060	38%	38%
6. Total average collection: Wastewater	37,869,749	14,045,989	23,821,181	37%	37%	36,611,378	13,962,572	22,648,807	37%	37%	36,965,686	13,313,662	23,652,023	36%	36%	25,031,726	8,920,079	16,111,647	35%	35%
7. Total average collection: Refuse	29,198,008	12,148,162	17,050,366	42%	42%	29,000,248	11,671,830	17,328,418	40%	40%	28,970,020	11,849,390	17,120,630	41%	41%	19,637,000	7,801,962	11,835,038	40%	40%
8. Total average collection: Interest	73,959,471	7,981,324	65,978,146	11%	11%	69,905,744	5,325,165	64,580,579	8%	8%	63,900,126	16,226,977	47,673,150	25%	25%	37,426,668	4,266,015	33,160,653	11%	11%

Description	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Monthly collection rate (Property rates and Services)	57%	71%	39%	111%	88%	69%	65%	67%	76%	107%	74%	78%
Revised average collection rate (SPLM)	77%	47%	77%	76%	79%	78%	78%	77%	83%	83%	82%	84%
Collection rate per Ward (Monthly)	60%	34%	51%	109%	70%	56%	56%	58%	70%	102%	64%	76%
Collection rate per Ward (Quarterly)	66%	-	-	60%	-	-	61%	-	-	76%	-	-

The monthly collection rate per ward is a major concern and it not at a desired level. The collection rate per ward increased from 64% to 76% 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 May 2026 is 84%, 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 third 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

Year Appraisal Collection	Summary - Quarter 1				Summary - Quarter 2				Summary - Quarter 3				11 May - Reporting for April in May				Summary - Quarter 4			
	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing for April	Collection for April	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection
C Collection for whole demarcation	762,000.00	467,760.00	38.64%	61%	467,760.00	467,760.00	0.00%	100%	467,760.00	467,760.00	0.00%	100%	467,760.00	467,760.00	0.00%	100%	467,760.00	467,760.00	0.00%	100%
C Collection - Property Rates	415,400.00	249,240.00	38.64%	61%	249,240.00	249,240.00	0.00%	100%	249,240.00	249,240.00	0.00%	100%	249,240.00	249,240.00	0.00%	100%	249,240.00	249,240.00	0.00%	100%
E Total average collection: Electricity (Municipal supplied assets)	415,400.00	249,240.00	38.64%	61%	249,240.00	249,240.00	0.00%	100%	249,240.00	249,240.00	0.00%	100%	249,240.00	249,240.00	0.00%	100%	249,240.00	249,240.00	0.00%	100%
F Total average collection: Water	76,200.00	46,776.00	38.64%	61%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%
G Total average collection: Wastewater	76,200.00	46,776.00	38.64%	61%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%
H Total average collection: Refuse	76,200.00	46,776.00	38.64%	61%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%
I Total average collection: Interest	76,200.00	46,776.00	38.64%	61%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%	46,776.00	46,776.00	0.00%	100%

Complete This Section

Services	Electricity Supplier	Ward Name & Number	Quarter 1 Performance Per Ward				Quarter 2 Performance Per Ward				Quarter 3 Performance Per Ward				Quarter 4 Performance Per Ward			
			Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing for April	Collection for April	% Billing not collected	% Collection
Property Rates Tax	None Reported	None Reported	47,400.00	46,463.00	98.23%	98%	47,400.00	46,463.00	98.23%	98%	47,400.00	46,463.00	98.23%	98%	47,400.00	46,463.00	98.23%	98%
Electricity	None Reported	None Reported	2,567,655.00	1,754,423.00	68.37%	58%	2,567,655.00	1,754,423.00	68.37%	58%	2,567,655.00	1,754,423.00	68.37%	58%	2,567,655.00	1,754,423.00	68.37%	58%
Water	None Reported	None Reported	6,796,797.00	3,603,399.00	53.02%	57%	6,796,797.00	3,603,399.00	53.02%	57%	6,796,797.00	3,603,399.00	53.02%	57%	6,796,797.00	3,603,399.00	53.02%	57%
Refuse	None Reported	None Reported	386,110.00	266,627.00	69.06%	29%	386,110.00	266,627.00	69.06%	29%	386,110.00	266,627.00	69.06%	29%	386,110.00	266,627.00	69.06%	29%
Waste Water	None Reported	None Reported	359,445.00	240,643.00	67.00%	25%	359,445.00	240,643.00	67.00%	25%	359,445.00	240,643.00	67.00%	25%	359,445.00	240,643.00	67.00%	25%
Interest	None Reported	None Reported	1,179,993.00	95,848.00	8.13%	7%	1,179,993.00	95,848.00	8.13%	7%	1,179,993.00	95,848.00	8.13%	7%	1,179,993.00	95,848.00	8.13%	7%

11 May - Reporting for April in May

Billing for April	Collection for April	% Billing not collected	% Collection
47,400.00	46,463.00	98.23%	98%

Complete This Section				Quarter 1 Performance Per Ward				Quarter 2 Performance Per Ward				Quarter 3 Performance Per Ward				Quarter 4 Performance Per Ward				
Services	Electricity Supplier	Ward Name & Number	CP	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	Billing	Collection	% Billing not collected	% Collection	
Property Rates Tax																				
Electricity	Multi-Vendor	Ward 01 - City Centre	40%	1,981,614	907,088	71,005	45%	1,881,778	578,273	60,208	47%	1,881,213	732,028	61,203	51%	4,602,024	1,912,448	208,218	42%	
Water	Multi-Vendor	Ward 01 - City Centre	45%	154,375	70,524	30,511	45%	150,511	72,875	34,341	58%	150,511	70,524	30,511	47%	403,847	193,479	30,467	47%	
Refuse	Multi-Vendor	Ward 01 - City Centre	20%	1,443,229	288,645	1,158,685	20%	1,402,240	280,449	1,121,791	19%	1,402,240	280,449	1,121,791	19%	6,833,879	85,767	5,981,112	14%	
Interest	Multi-Vendor	Ward 01 - City Centre	20%	916,447	183,289	718,158	20%	902,508	180,500	722,008	20%	902,508	180,500	722,008	20%	3,222,593	644,573	2,577,920	14%	
Water	Multi-Vendor	Ward 01 - City Centre	20%	1,381,565	276,313	1,105,252	20%	1,359,776	271,953	1,087,823	20%	1,359,776	271,953	1,087,823	20%	4,799,151	959,315	3,839,836	20%	
Interest	Multi-Vendor	Ward 01 - City Centre	20%	1,855,565	371,113	1,484,452	20%	1,823,565	364,711	1,458,854	20%	1,823,565	364,711	1,458,854	20%	5,995,837	1,199,539	4,796,298	20%	
Electricity	Multi-Vendor	Ward 02 - Central Business District	71%	11,441,510	8,112,220	1,329,290	71%	11,441,510	8,112,220	1,329,290	71%	11,441,510	8,112,220	1,329,290	71%	1,408,048	1,038,640	1,377,601	0%	
Water	Multi-Vendor	Ward 02 - Central Business District	40%	2,621,702	2,682,622	2,108,265	40%	2,600,339	2,670,477	2,102,630	40%	2,600,339	2,670,477	2,102,630	40%	1,278,551	1,287,111	1,194,729	0%	
Refuse	Multi-Vendor	Ward 02 - Central Business District	45%	2,666,609	1,517,307	1,149,761	45%	2,776,839	1,382,372	1,394,467	50%	2,666,609	1,517,307	1,149,761	45%	886,336	543,479	342,857	63%	
Interest	Multi-Vendor	Ward 02 - Central Business District	45%	702,885	382,756	317,051	55%	704,778	412,044	382,752	59%	704,778	412,044	382,752	59%	473,869	506,478	473,869	56%	
Water	Multi-Vendor	Ward 02 - Central Business District	57%	901,228	523,773	397,664	57%	901,228	523,773	397,664	57%	901,228	523,773	397,664	57%	311,260	174,474	136,786	56%	
Interest	Multi-Vendor	Ward 02 - Central Business District	57%	2,282,673	1,208,673	879,287	53%	2,292,546	1,208,673	879,287	53%	2,292,546	1,208,673	879,287	53%	1,577,160	801,115	1,147,465	51%	
Electricity	Multi-Vendor	Ward 03 - North East	28%	1,137,499	483,120	354,364	28%	748,232	354,448	308,000	47%	676	748,232	354,448	308,000	47%	250,008	139,939	156,069	38%
Water	Multi-Vendor	Ward 03 - North East	37%	398,823	72,759	126,051	37%	382,624	79,895	85,929	47%	476	382,624	79,895	85,929	47%	55,217	46,462	10,655	81%
Refuse	Multi-Vendor	Ward 03 - North East	23%	1,877,223	279,647	1,597,576	23%	1,905,608	382,303	1,523,371	23%	1,905,608	382,303	1,523,371	23%	719,656	382,303	452,217	53%	
Interest	Multi-Vendor	Ward 03 - North East	23%	612,512	158,205	114,607	25%	624,135	162,812	117,657	23%	624,135	162,812	117,657	23%	211,019	109,540	147,487	50%	
Water	Multi-Vendor	Ward 03 - North East	37%	821,366	183,369	165,797	29%	837,677	183,120	166,506	25%	837,677	183,120	166,506	25%	284,076	27,409	236,768	17%	
Interest	Multi-Vendor	Ward 03 - North East	37%	1,477,734	324,677	1,153,057	37%	1,477,734	324,677	1,153,057	37%	1,477,734	324,677	1,153,057	37%	521,456	107,383	510,071	2%	
Electricity	Multi-Vendor	Ward 04 - South East	89%	14,648,402	13,740,282	10,880,789	79%	14,648,402	13,740,282	10,880,789	79%	14,648,402	13,740,282	10,880,789	79%	11,763,652	9,572,714	1,190,937	81%	
Water	Multi-Vendor	Ward 04 - South East	66%	1,616,073	1,176,537	1,048,586	66%	1,616,073	1,176,537	1,048,586	66%	1,616,073	1,176,537	1,048,586	66%	3,131,230	2,080,896	1,903,833	60%	
Refuse	Multi-Vendor	Ward 04 - South East	73%	3,877,766	2,476,627	2,082,261	73%	3,877,766	2,476,627	2,082,261	73%	3,877,766	2,476,627	2,082,261	73%	1,120,538	660,162	664,807	59%	
Interest	Multi-Vendor	Ward 04 - South East	73%	2,843,763	2,011,693	1,812,720	73%	2,843,763	2,011,693	1,812,720	73%	2,843,763	2,011,693	1,812,720	73%	953,015	609,998	349,616	64%	
Electricity	Multi-Vendor	Ward 05 - West	43%	6,731,561	2,866,777	1,742,264	43%	6,731,561	2,866,777	1,742,264	43%	6,731,561	2,866,777	1,742,264	43%	1,672,715	1,177,481	1,405,234	11%	
Water	Multi-Vendor	Ward 05 - West	80%	1,166,478	6,478,860	5,190,977	50%	1,166,478	6,478,860	5,190,977	50%	1,166,478	6,478,860	5,190,977	50%	3,308,366	2,244,171	1,604,726	62%	
Refuse	Multi-Vendor	Ward 05 - West	89%	13,233,100	11,734,788	10,668,715	89%	13,113,100	10,505,104	10,214,265	89%	13,113,100	10,505,104	10,214,265	89%	3,591,010	3,131,148	2,978,151	98%	
Interest	Multi-Vendor	Ward 05 - West	89%	7,714,429	3,583,718	2,018,111	94%	7,714,429	3,583,718	2,018,111	94%	7,714,429	3,583,718	2,018,111	94%	1,290,293	1,138,396	1,151,993	88%	
Water	Multi-Vendor	Ward 05 - West	86%	1,271,361	1,131,623	1,017,288	86%	1,271,361	1,131,623	1,017,288	86%	1,271,361	1,131,623	1,017,288	86%	425,569	366,633	358,938	86%	
Interest	Multi-Vendor	Ward 05 - West	86%	1,465,418	1,208,912	1,072,677	86%	1,465,418	1,208,912	1,072,677	86%	1,465,418	1,208,912	1,072,677	86%	1,647,269	1,167,269	1,167,269	70%	
Electricity	Multi-Vendor	Ward 06 - North West	71%	5,817,797	4,104,457	3,813,300	71%	5,817,797	4,104,457	3,813,300	71%	5,817,797	4,104,457	3,813,300	71%	5,712,018	4,662,000	3,961,017	66%	
Water	Multi-Vendor	Ward 06 - North West	55%	1,166,478	6,478,860	5,190,977	55%	1,166,478	6,478,860	5,190,977	55%	1,166,478	6,478,860	5,190,977	55%	1,401,300	911,667	489,833	65%	
Refuse	Multi-Vendor	Ward 06 - North West	40%	2,459,982	1,978,213	1,744,750	40%	2,459,982	1,978,213	1,744,750	40%	2,459,982	1,978,213	1,744,750	40%	4,902,021	1,682,013	3,212,185	34%	
Interest	Multi-Vendor	Ward 06 - North West	40%	927,567	788,116	628,611	32%	927,567	788,116	628,611	32%	927,567	788,116	628,611	32%	315,878	75,055	240,823	24%	
Electricity	Multi-Vendor	Ward 07 - South West	70%	14,746,065	10,415,768	8,405,447	70%	14,746,065	10,415,768	8,405,447	70%	14,746,065	10,415,768	8,405,447	70%	1,401,300	911,667	489,833	65%	
Water	Multi-Vendor	Ward 07 - South West	71%	4,696,802	3,512,782	3,146,614	71%	4,696,802	3,512,782	3,146,614	71%	4,696,802	3,512,782	3,146,614	71%	4,902,021	1,682,013	3,212,185	34%	
Refuse	Multi-Vendor	Ward 07 - South West	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,379,965	466,000	1,910,965	32%	
Interest	Multi-Vendor	Ward 07 - South West	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	629,594	574,884	471,200	75%	
Electricity	Multi-Vendor	Ward 08 - East	90%	44,746,065	40,415,768	38,045,447	90%	44,746,065	40,415,768	38,045,447	90%	44,746,065	40,415,768	38,045,447	90%	1,401,300	911,667	489,833	65%	
Water	Multi-Vendor	Ward 08 - East	71%	11,666,802	8,512,782	7,146,614	71%	11,666,802	8,512,782	7,146,614	71%	11,666,802	8,512,782	7,146,614	71%	4,902,021	1,682,013	3,212,185	34%	
Refuse	Multi-Vendor	Ward 08 - East	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,379,965	466,000	1,910,965	32%	
Interest	Multi-Vendor	Ward 08 - East	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	629,594	574,884	471,200	75%	
Electricity	Multi-Vendor	Ward 09 - North East	70%	14,746,065	10,415,768	8,405,447	70%	14,746,065	10,415,768	8,405,447	70%	14,746,065	10,415,768	8,405,447	70%	1,401,300	911,667	489,833	65%	
Water	Multi-Vendor	Ward 09 - North East	71%	4,696,802	3,512,782	3,146,614	71%	4,696,802	3,512,782	3,146,614	71%	4,696,802	3,512,782	3,146,614	71%	4,902,021	1,682,013	3,212,185	34%	
Refuse	Multi-Vendor	Ward 09 - North East	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,379,965	466,000	1,910,965	32%	
Interest	Multi-Vendor	Ward 09 - North East	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	629,594	574,884	471,200	75%	
Electricity	Multi-Vendor	Ward 10 - South West	90%	44,746,065	40,415,768	38,045,447	90%	44,746,065	40,415,768	38,045,447	90%	44,746,065	40,415,768	38,045,447	90%	1,401,300	911,667	489,833	65%	
Water	Multi-Vendor	Ward 10 - South West	71%	11,666,802	8,512,782	7,146,614	71%	11,666,802	8,512,782	7,146,614	71%	11,666,802	8,512,782	7,146,614	71%	4,902,021	1,682,013	3,212,185	34%	
Refuse	Multi-Vendor	Ward 10 - South West	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,883,111	1,248,833	1,014,84	82%	1,379,965	466,000	1,910,965	32%	
Interest	Multi-Vendor	Ward 10 - South West	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	3,886,255	3,206,966	2,813,291	82%	629,594	574,884	471,200	75%	



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	Current Year - 2023/24	2025/2026 - Monthly Reporting	2023/2024 - Monthly Reporting	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	8,275	8,743	9,152						
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	8,275	8,743	9,152						
6	Indigent HHs using public tap (< min.service level)																					
7	Indigent HHs with other water supply (< min.service level)																					
8	Total no. of Indigent HHs receiving - Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Indigent HHs with No water supply																					
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	8,275	8,743	9,152						
	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	8,275	8,743	9,152						
	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	8,275	8,743	9,152						
	Status of unlimited supply of Water:																					
	Number of Indigent HHs with conventional metered Water - where the municipality is NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month																					
	Number of Indigent HHs NOT metered currently receiving unlimited supply - Water																					
	Total number of registered indigent households receiving unlimited supply - Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	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	7,390	11,800	11,800	11,800	6,899	6,793	6,430	6,571	7,497	7,477	7,563	7,747	8,275	8,743	9,152						
	Status of unlimited supply of Electricity:																					
	Number of Indigent HHs with conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month																					
	Number of Indigent HHs NOT metered currently receiving unlimited supply - Electricity																					
	Total number of registered indigent households receiving unlimited supply - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	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																					
16	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	8,275	8,743	9,152						
	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	8,275	8,743	9,152						
17	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	309,084	317,842	330,477						
	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	587	949,335	690						
18	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)																					
19	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	309,670	1,267,177	331,167						
20	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	15,000	15,000	15,000						
	Water (kilolitres per household per month)	6	6	6	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	213	213	213						
	Sanitation (Rand per household per month)	189	198	198	198	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	50	50	50						
	Refuse (average litres per week)	21	21	21	21	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)	PSI Category: Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)																					
14(b)	Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA	37,240,000	36,400,000	36,400,000	36,400,000	641,608	591,385	591,983	593,904	595,500	595,756	594,979	598,178	601,045	605,924	605,535						
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	810,280	790,120	773,575						
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	653,100	609,636	713,502						
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	129,032	127,441	128,237						
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	2,193,458	2,133,121	2,220,848						

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 3					
Part A - Reconciliation Summary						
Property Categories	Number of Properties			Market Values		
	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	51170	51170	0	24,268,019,602	24,268,019,602	-
Industrial	203	203	0	801,740,000	801,740,000	-
Business and Commercial	2332	2332	0	7,714,740,001	7,714,740,001	-
Agricultural	425	425	0	2,634,816,700	2,634,816,700	-
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	230	230	0	535,799,001	535,799,001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	240	240	0	609,009,000	609,009,000	-
Municipal	9301	9301	0	1,577,967,503	1,577,967,503	-
Other	0	0	0	-	-	-
Total	64,508	64,508	-	40,893,647,207	40,893,647,207	-
Part B - Detailed Reconciliation						
Property Categories	Monthly Billing - Mapped Accounts			Monthly Billing - Un Mapped Accounts		
	GV	MFS	Variance	GV	MFS	Variance
Residential	25,572,425	23,954,831	1,617,594	25,572,425	24,095,900	1,476,525
Industrial	2,534,701	2,406,920	127,781	2,534,701	2,476,789	57,912
Business and Commercial	24,390,151	21,932,749	2,457,402	24,390,151	22,309,007	2,081,143
Agricultural	694,274	489,610	204,665	694,274	490,327	203,947
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	-	13,953	-13,953	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
Total	64,637,836	52,875,727	11,762,109	64,637,836	53,447,190	11,190,645

Properties reconciliation

After populating the GVR Reconciliation for the third quarter for the 2025/26 financial year, no anomalies were identified in terms of the high-level reconciliation for the number of properties per category and the market value.

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

Billing reconciliation

As alluded previously, the municipality require assistance from NT on how to deal with properties that gets billed on an annual basis, as this will negatively influence the quarterly/monthly billing reconciliation. No provision is made for rebates pertaining to rural, agricultural bona fide and pensioners.

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

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

- i) Indicated below is the Eskom Bulk invoice for April 2026 which was due and payable during the month of reporting, on or before 04 June 2026.



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

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

NORTH WESTERN REGION
PRIVATE BAG X16 Westville 3630

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



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

NORTH WESTERN REGION
PRIVATE BAG X16 Westville 3630

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

YOUR ACCOUNT NO	5449407898
SECURITY HELD	32617894.65
BILLING DATE	2026-05-05
TAX INVOICE NO	544500222058
ACCOUNT MONTH	APRIL 2026
CURRENT DUE DATE	2026-06-04
VAT REG NO	4370102313

TAX INVOICE

E-MAIL: msoihwa@solplaatje.org.za

ACCOUNT TRANSACTION SUMMARY			
ADMINISTRATION CHARGE	R		590.10
TRANSMISSION NETWORK CAPACITY	R	1,065,600.00	
DIST. NETWORK CAPACITY CHARGE	R	1,802,640.00	
NETWORK DEMAND CHARGE	R	768,016.13	
URBAN LOW VOLTAGE SUBSIDY	R	247,530.00	
ANCILLARY SERVICE (ALL)	R	133,144.58	
GENERATOR CAPACITY CHARGE	R	717,060.00	
LEGACY CHARGE (ALL)	R	7,531,665.20	
ENERGY CHARGE (STD)	14,504,643.00	R	21,487,178.14
ENERGY CHARGE (PEAK)	5,832,753.00	R	15,367,554.33
ENERGY CHARGE (OFF)	15,647,626.00	R	16,556,753.07
SERVICE CHARGE	R		34,077.60
ELECTRIFICATION AND RURAL SUBS (ALL)	R		1,806,448.10
TOTAL CHARGES FOR BILLING PERIOD	R		67,518,257.25
ACCOUNT SUMMARY FOR APRIL 2026			
BALANCE BROUGHT FORWARD	(Due Date 2026-05-02)	R	1,035,136,209.66
PAYMENT(S) RECEIVED	Cash - 2026-04-23	R	-60,000,000.00
TOTAL CHARGES FOR BILLING PERIOD		R	67,518,257.25
ADJUSTMENT	Interest on overdue payment arrangement debt	R	265,587.04
ADJUSTMENT	Interest on overdue account	R	6,603,955.56
PAYMENT ARRANGEMENT	5447737377 (Balance o/s R 15,662,000.00)	R	6,700,000.00
VAT RAISED ON ITEMS AT 15%		R	10,127,738.59
CURRENT			91,215,538.44
	TOTAL DUE	R	1,066,351,748.10
ARREARS			
>90 DAYS	61-90 DAYS	31-90 DAYS	16-30 DAYS
794,894,210.59	88,066,974.13	92,175,024.94	0.00
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	

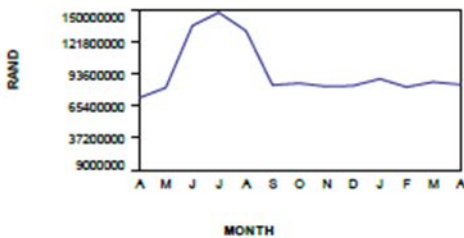
272157001 54494078984



9207 2544 9407 8987



TOTAL AMOUNT DUE
1,066,351,748.10



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PAYMENT ARRANGEMENT	
INSTALMENT	6,700,000.00
ARREARS (Due immediately)	975,136,209.66
DUE DATE (For Current Amount)	2026-06-04
AMOUNT PAID	

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT

Indicated below is the May 2026 account which is due and payable on or before 02 July 2026.



ESKOM HOLDINGS 8 SOC LTD REG NO 2002/016627/30
VAT REG NO 4740101608

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

NORTH WESTERN REGION
PRIVATE BAG X16 Westville 3630

CONTACT CENTRE: (0860) 037566/Shareca
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 X18 Westville 3830

DIRECT DEPOSIT DETAIL

BANK: First National Bank
BRANCH CODE: 223626
BANK ACC NO: 66070087318

YOUR ACCOUNT NO	5449407898
SECURITY HELD	32617894.65
BILLING DATE	2026-06-02
TAX INVOICE NO	544789968052
ACCOUNT MONTH	MAY 2026
CURRENT DUE DATE	2026-07-02
VAT REG NO	4370102313

TAX INVOICE

E-MAIL: msoihwa@solplaatje.org.za

ACCOUNT TRANSACTION SUMMARY			
ADMINISTRATION CHARGE		R	609.77
TRANSMISSION NETWORK CAPACITY		R	1,065,600.00
DIST. NETWORK CAPACITY CHARGE		R	1,802,640.00
NETWORK DEMAND CHARGE		R	906,711.84
URBAN LOW VOLTAGE SUBSIDY		R	247,530.00
ANCILLARY SERVICE (ALL)		R	156,964.35
GENERATOR CAPACITY CHARGE		R	717,060.00
LEGACY CHARGE (ALL)		R	8,879,091.13
ENERGY CHARGE (STD)	17,680,031.00	R	26,191,197.92
ENERGY CHARGE (PEAK)	7,205,186.00	R	18,983,503.55
ENERGY CHARGE (OFF)	17,537,579.00	R	18,556,512.34
SERVICE CHARGE		R	35,213.52
ELECTRIFICATION AND RURAL SUBS (ALL)		R	2,129,624.36
TOTAL CHARGES FOR BILLING PERIOD		R	79,672,258.78
ACCOUNT SUMMARY FOR MAY 2026			
BALANCE BROUGHT FORWARD	(Due Date 2026-06-04)	R	1,066,351,748.10
PAYMENT(S) RECEIVED	Cash - 2026-05-05	R	-25,475,024.94
PAYMENT(S) RECEIVED	Cash - 2026-05-28	R	-50,000,000.00
TOTAL CHARGES FOR BILLING PERIOD		R	79,672,258.78
ADJUSTMENT	Interest on overdue account	R	3,659,762.67
ADJUSTMENT	Interest on overdue account	R	722,159.50
ADJUSTMENT	Interest on overdue payment arrangement debt	R	27,891.23
ADJUSTMENT	Interest on overdue payment arrangement debt	R	125,832.37
PAYMENT ARRANGEMENT	5447737377 (Balance o/s R 8,962,000.00)	R	6,700,000.00
VAT RAISED ON ITEMS AT 15%		R	11,950,838.82
CURRENT			
102,858,743.37		TOTAL DUE	R 1,093,735,466.53
ARREARS			
>90 DAYS	81-90 DAYS	31-90 DAYS	16-90 DAYS
807,486,159.78	92,175,024.94	0.00	91,215,538.44
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

2721570015449407898 4



9207 2544 9407 8987



TOTAL AMOUNT DUE

1,093,735,466.53



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PAYMENT ARRANGEMENT

INSTALMENT

6,700,000.00

ARREARS (Due Immediately)

990,876,723.16

DUE DATE (For Current Amount)

2026-07-02

AMOUNT PAID

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT

000100000011

- ii) Indicated below is the municipality's proof of payments of the Eskom Bulk account payments for the month of May 2026. The municipality made a payment on 5 May 2026 of R25,475 million on the March account which is now fully settled. The municipality made a partial payment on 28 May 2026 of R50,000 million on the April 2026 account.

SOL PLAATJE MUNICIPALITY
PRIVATE BAG X5030
KIMBERLEY 8300

REMITTANCE ADVICE

ESKOM HOLDINGS
PRIVATE BAG X16
WESTVILLE
3630

05/05/2026

SUPPLIER No: SESK01

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

FAX NO:

VOUCHER NO: DUNZ000002

CHEQUE/ELE NO: 77078109

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
01/04/2026	SUN	544779495976	22152195.60		3322829.34	25475024.94

SUB TOTAL: 3322829.34 25475024.94

3322829.34 25475024.94

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

28/05/2026

SUPPLIER No: SESH01

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

FAX NO:

VOUCHER NO: CATZ000024

CHEQUE/ELE NO: 77078418

DATE	TYPE	REFERENCE	EXCL VAT	DISCOUNT	VAT	NETT
05/05/2026	SUN	544500222058	37504745.57		5625711.83	43130457.40
05/05/2026	SUN	544500222058	6869542.60		0.00	6869542.60

SUB TOTAL: 5625711.83 50000000.00
5625711.83 50000000.00

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

COMPILED BY...:

CHECKED BY...:

AUTHORISED BY:

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

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

Indicated in the table below is a summary of the data strings for M11 – May 2026 pertaining to electricity.

	2026	
	M11	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Deposits	-89,758,413	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	67,518,257	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Electricity Bulk Purchase:Withdrawals	13,199,642	80,717,899
Expenditure:Bulk Purchases:Electricity:ESKOM	67,518,257	

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

Datastrings & FMS Recon - May 2026 M11	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
BULK PURCHASES:ELECTRICITY:ESKOM	127,175,198.42	59,656,941.17	67,518,257.25	Bulk Purchases vote reconciles to datastrings
Combined vouchers	59,656,941.17	-	59,656,941.17	
Cheque No : 77078109 Bank No : 901	22,152,195.60	-	22,152,195.60	Payment on outstanding balance for March 2026 invoice
Cheque No : 77078418 Bank No : 901	37,504,745.57	-	37,504,745.57	Partial Payment of the April 2026 invoice
Sundry Accruals	67,518,257.25	-	67,518,257.25	
Sundry CATA014530	67,518,257.25	-	67,518,257.25	
Sundry Accruals Reversals	-	59,656,941.17	-59,656,941.17	
Cheque No : 77078109 Bank No : 901	-	22,152,195.60	-22,152,195.60	
Cheque No : 77078418 Bank No : 901	-	37,504,745.57	-37,504,745.57	
Grand Total	127,175,198.42	59,656,941.17	67,518,257.25	

Datastrings & FMS Recon - May 2026 M11	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
ELECTRICITY BULK PURCH ACC 01:WITHDRAWAL	80,717,899.19	-	80,717,899.19	Withdrawal vote reconciles to datastrings
Create Cheque 77078109 Voucher No DUNZ000002	25,475,024.94	-	25,475,024.94	Payment on outstanding balance for March 2026 invoice
Create Cheque 77078215 Voucher No CATA014444	5,709.06	-	5,709.06	
Create Cheque 77078216 Voucher No CATA014445	119,939.47	-	119,939.47	
Create Cheque 77078217 Voucher No CATA014446	38,147.62	-	38,147.62	
Create Cheque 77078218 Voucher No CATA014456	15,687.77	-	15,687.77	
Create Cheque 77078219 Voucher No CATA014460	4,635.13	-	4,635.13	Payment of minor Eskom accounts
Create Cheque 77078246 Voucher No CATA014466	9,906.03	-	9,906.03	
Create Cheque 77078280 Voucher No CATA014485	15,959.98	-	15,959.98	
Create Cheque 77078281 Voucher No CATA014486	15,327.19	-	15,327.19	
Create Cheque 77078282 Voucher No CATA014489	47,518.46	-	47,518.46	
Create Cheque 77078387 Voucher No CATA014488	4,648,342.56	-	4,648,342.56	Payment for the Riverton account
Create Cheque 77078400 Voucher No CATA014524	213,991.16	-	213,991.16	
Create Cheque 77078401 Voucher No CATA014525	16,059.41	-	16,059.41	
Create Cheque 77078402 Voucher No CATA014526	6,279.97	-	6,279.97	
Create Cheque 77078403 Voucher No CATA014527	10,895.69	-	10,895.69	Payment of minor Eskom accounts
Create Cheque 77078404 Voucher No CATA014528	7,095.41	-	7,095.41	
Create Cheque 77078405 Voucher No CATA014529	8,211.70	-	8,211.70	
Create Cheque 77078411 Voucher No CATA014532	59,167.64	-	59,167.64	
Create Cheque 77078418 Voucher No CATZ000024	50,000,000.00	-	50,000,000.00	Partial Payment of the April 2026 invoice
ELECTRICITY BULK PURCHASE ACC 01:DEPOSIT	80,717,899.19	170,476,311.88	-89,758,412.69	Deposits vote reconciles to datastrings
Create Cheque 77078109 Voucher No DUNZ000002	25,475,024.94	25,475,024.94	-	
Create Cheque 77078215 Voucher No CATA014444	5,709.06	5,709.06	-	
Create Cheque 77078216 Voucher No CATA014445	119,939.47	119,939.47	-	
Create Cheque 77078217 Voucher No CATA014446	38,147.62	38,147.62	-	
Create Cheque 77078218 Voucher No CATA014456	15,687.77	15,687.77	-	
Create Cheque 77078219 Voucher No CATA014460	4,635.13	4,635.13	-	
Create Cheque 77078246 Voucher No CATA014466	9,906.03	9,906.03	-	
Create Cheque 77078280 Voucher No CATA014485	15,959.98	15,959.98	-	
Create Cheque 77078281 Voucher No CATA014486	15,327.19	15,327.19	-	
Create Cheque 77078282 Voucher No CATA014489	47,518.46	47,518.46	-	
Create Cheque 77078387 Voucher No CATA014488	4,648,342.56	4,648,342.56	-	
Create Cheque 77078400 Voucher No CATA014524	213,991.16	213,991.16	-	
Create Cheque 77078401 Voucher No CATA014525	16,059.41	16,059.41	-	
Create Cheque 77078402 Voucher No CATA014526	6,279.97	6,279.97	-	
Create Cheque 77078403 Voucher No CATA014527	10,895.69	10,895.69	-	
Create Cheque 77078404 Voucher No CATA014528	7,095.41	7,095.41	-	
Create Cheque 77078405 Voucher No CATA014529	8,211.70	8,211.70	-	
Create Cheque 77078411 Voucher No CATA014532	59,167.64	59,167.64	-	
Create Cheque 77078418 Voucher No CATZ000024	50,000,000.00	50,000,000.00	-	
Sundry CATA014444 Creditor Control	-	5,709.06	- 5,709.06	
Sundry CATA014445 Creditor Control	-	119,939.47	- 119,939.47	
Sundry CATA014446 Creditor Control	-	38,147.62	- 38,147.62	
Sundry CATA014456 Creditor Control	-	15,687.77	- 15,687.77	Invoices for minor Eskom accounts
Sundry CATA014460 Creditor Control	-	4,635.13	- 4,635.13	
Sundry CATA014466 Creditor Control	-	9,906.03	- 9,906.03	
Sundry CATA014485 Creditor Control	-	15,959.98	- 15,959.98	
Sundry CATA014486 Creditor Control	-	15,327.19	- 15,327.19	
Sundry CATA014488 Creditor Control	-	4,648,342.56	- 4,648,342.56	Invoice for Riverton account
Sundry CATA014489 Creditor Control	-	47,518.46	- 47,518.46	
Sundry CATA014524 Creditor Control	-	213,991.16	- 213,991.16	
Sundry CATA014525 Creditor Control	-	16,059.41	- 16,059.41	
Sundry CATA014526 Creditor Control	-	6,279.97	- 6,279.97	Invoices for minor Eskom accounts
Sundry CATA014527 Creditor Control	-	10,895.69	- 10,895.69	
Sundry CATA014528 Creditor Control	-	7,095.41	- 7,095.41	
Sundry CATA014529 Creditor Control	-	8,211.70	- 8,211.70	
Sundry CATA014530 Creditor Control	-	84,515,538.44	- 84,515,538.44	Invoice for April 2026
Sundry CATA014532 Creditor Control	-	59,167.64	- 59,167.64	Invoice for minor Eskom accounts
Grand Total	161,435,798.38	170,476,311.88	- 9,040,513.50	

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) No Water account was billed for April and May 2026 due to our servitude (free water allocation) that commences 1st of April each year.
- ii) There is no proof of payment for DWS because the municipality had insufficient cash to settle the arrear debt.
- iii) 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 M11 – May 2026).

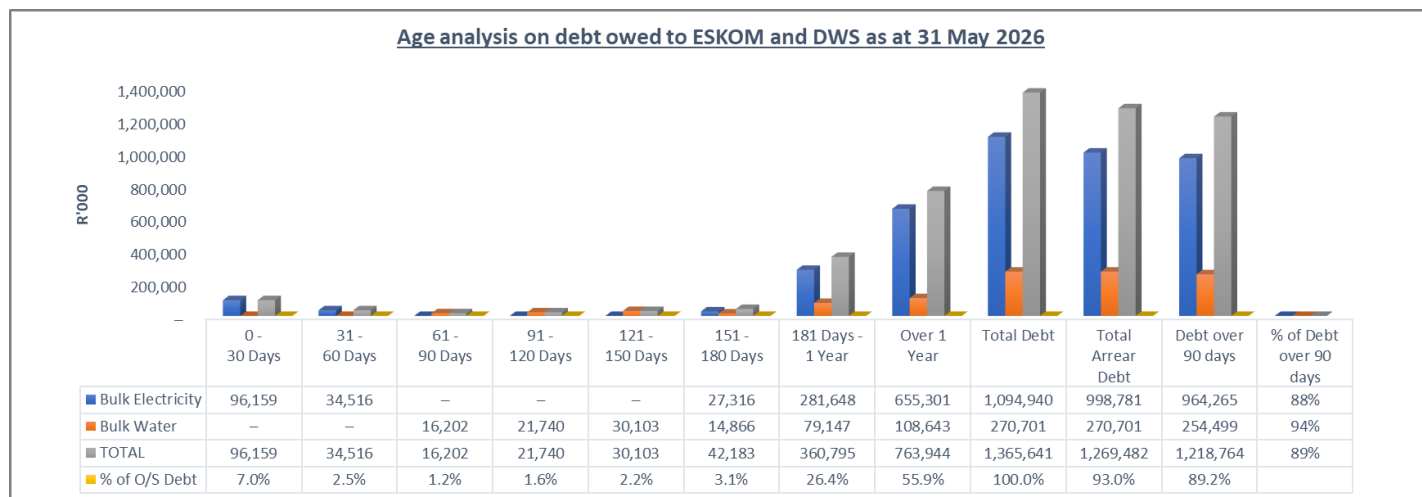
	2026	
	M11	
Account Name		
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Deposits	-16,616,077	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	5,923,126	
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Water Inventory Bulk Purchases:Withdrawals	-5,509,225	413,901
Assets:Current Assets:Inventory:Water:System Input Volume:Bulk Purchases	13,910,328	

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

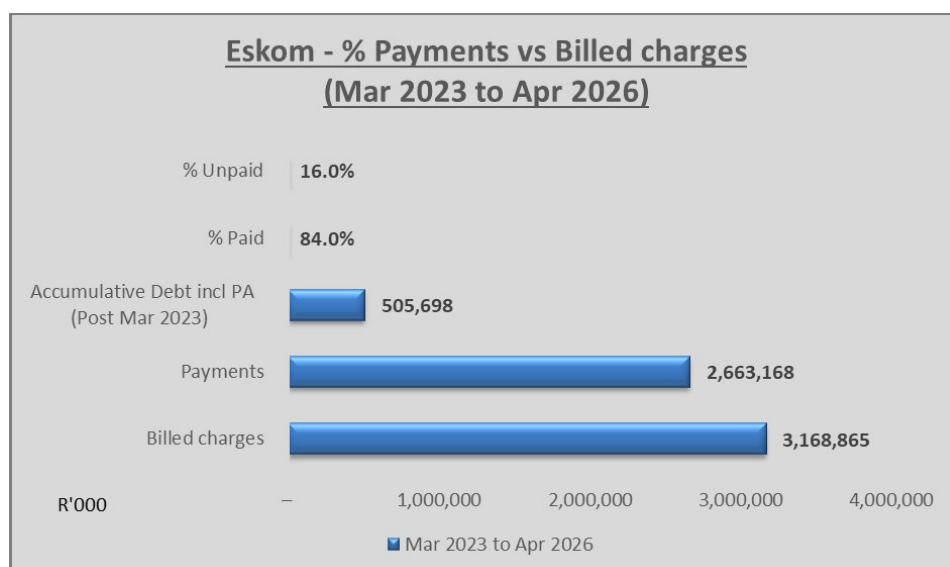
Datastrings & FMS Recon - May 2026 M11	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER:INPUT VOL: BULK PURCHASES	13,911,152.58	825.00	13,910,327.58	Water:Input Vol: Bulk Purchases vote reconciles to datastrings
Sundry Accruals	13,910,327.58	-	13,910,327.58	
SORA01:ORANJE RIET WATER USERS ASSOCIATION	825.00	-	825.00	
SWAT01:DEPARTMENT OF WATER AND SANITATION	13,909,502.58	-	13,909,502.58	Account for March 2026 authorised on the system
Sundry Accruals Reversals	-	825.00	-	825.00
SORA01 : ORANJE RIET WATER USERS ASSOCIATION	-	825.00	-	825.00
Sundry Payments	825.00	-	825.00	
SORA01 : ORANJE RIET WATER USERS ASSOCIATION	825.00	-	825.00	Payment for Oranje Riet Water Association
Grand Total	13,911,152.58	825.00	13,910,327.58	

Datastrings & FMS Recon - May 2026 M11	Sum of Debit Amt	Sum of Credit Amt	Sum of Actual	Comment
WATER BULK PURCHASE:DEPOSITS	413,900.82	17,029,977.83	-16,616,077.01	Deposits vote reconciles to datastrings
Create Cheque 77078103 Voucher No CATA014443	141,221.50	141,221.50	-	
Create Cheque 77078407 Voucher No CATA014520	131,457.82	131,457.82	-	
Create Cheque 77078408 Voucher No CATA014521	141,221.50	141,221.50	-	
Sundry CATA014443 Creditor Control	-	141,221.50	- 141,221.50	
Sundry CATA014520 Creditor Control	-	131,457.82	- 131,457.82	
Sundry CATA014521 Creditor Control	-	141,221.50	- 141,221.50	
Sundry CATA014522 Creditor Control	-	16,202,176.19	-16,202,176.19	Account for March 2026 authorised on the system
WATER BULK PURCHASE:WITHDRAWALS	413,900.82	-	413,900.82	Withdrawal vote reconciles to datastrings
Create Cheque 77078103 Voucher No CATA014443	141,221.50	-	141,221.50	
Create Cheque 77078407 Voucher No CATA014520	131,457.82	-	131,457.82	Payment of minor DWS accounts
Create Cheque 77078408 Voucher No CATA014521	141,221.50	-	141,221.50	
Grand Total	827,801.64	17,029,977.83	-16,202,176.19	

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



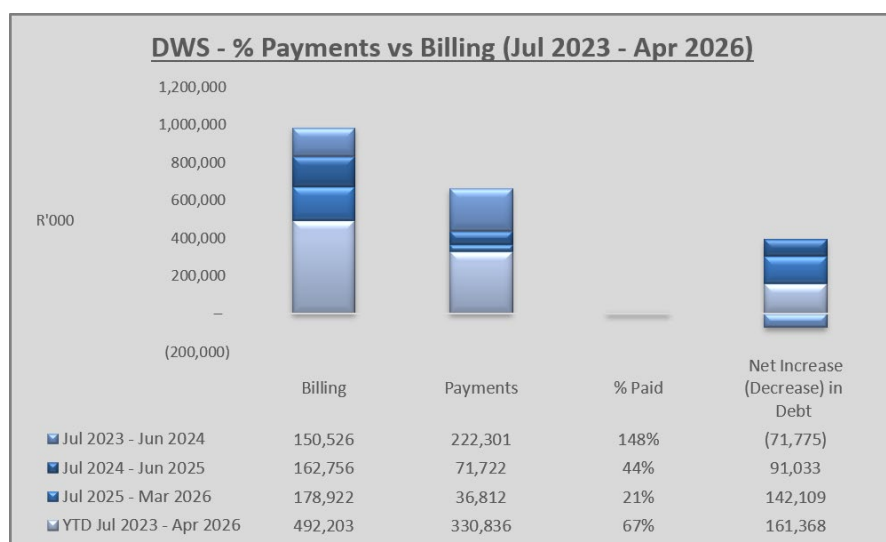
Please refer to section 4.2 for more in-depth information of the debt owed to Eskom and DWS.



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

The total billed charges for the period amounted to R3,168,865 billion, and payments made amounted to R2,663,168 billion. For the period the municipality managed to settle 84% of the billed charges.

The debt outstanding post March 2023 amounts to R505,698 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 April 2026. There is no account for April 2026 due to commencement of servitude period which commenced 1 April 2026.

The total billing for the period amounted to R492,203 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 R142,109 million. The net increase in outstanding debt amounts to R161,368 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 - May 2026
6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month's consumption)	6.3.1 The municipality must monthly pay and maintain its Eskom bulk current account and bulk water current account - Department of Water and Sanitation (DWS), within 30 days of receiving the relevant invoice	Monthly, within 30 days of receiving invoice on or before due date as per the monthly invoice	Proof of payment (which includes, remittance advice, invoice and extract of corresponding bank statement)	Non-Compliant - ESKOM During the month of May 2026, the municipality made a partial payment of R50 million on the April 2026 current account. The balance outstanding is R35 million. Non-Compliant - DWS The municipality did not have sufficient cash available to settle the arrear accounts for Water.
	6.3.1 (a) At a minimum, pay the monthly debt instalment on 5th of each month as per signed debt agreement with DWS. (b) Pay the monthly debt instalment of R6,700m to Eskom with the current account	Monthly, 5th of each month		Non-Compliant - ESKOM The municipality had insufficient cash available from operations to settle R6.7m instalment on the ESKOM payment arrangement as at the end of May 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 June 2026.
	6.3.2 Submit the supporting evidence of the bulk Eskom current account payment to the National Treasury, Eskom and DWS, within 1 day of making any such payment	Within 1 day after making payment	Proof of payment and proof of email submission	Compliant Email was sent within one day late after making payment to ESKOM.
	6.3.3 Submit the proof of payment to the National Treasury in PDF format via the GoMuni Upload Portal to substantiate that payment was made.	Monthly, within 10 working days after month end	GoMuni Status of Schedule of Revenue Documents Submissions Report	Compliant Proof of Payments made in May 2026 was uploaded onto GoMuni on 11 June 2026.
	6.3.4 - The amount as per the proof of payment must reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom and DWS	Monthly, within 10 working days after month end	Monthly financial data strings	Compliant Transactions as per the ledger reconciles with the monthly datastrings. However minor account payments for Eskom and DWS are posted to the same bulk control votes. Erroneous transactions will be journalised, where applicable. Disclosure issue - the capturing of the current invoice on the system is problematic because it is only received in the new month and captured after month-end closure, resulting in a misalignment between the YTD actual and outstanding creditor amount.
6.6 Electricity and Water Collection (Demonstration)	6.6.1 Issue monthly billing and allocate payment received from customers in the following priority order: (1) Property Rates (2) Water	Monthly	Monthly billing reconciliation / Financial	Compliant Priority of order of allocations was corrected on

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: May 2026

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - May 2026
<i>through by-laws and budget related policies)</i>	(3) Waste Water (4) Refuse Removal and (5) Electricity		system generated hierarchy allocation report	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 = 1,242 Conventional disconnections = 64
	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 = 76%. Quarterly S71 Revenue Collection rate per Ward outcome Q4 = not yet the end of the quarter Municipality's average collection rate = 84% (Prepaid electricity sales and allocated credits are included) Not Achieved Average daily cash collection for May 2026, was R6,739m.
	6.7.2 If the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality must demonstrate to the satisfaction of the National Treasury the reasons or that – 6.7.2.1 Underperformance directly relates to Eskom Supplied areas 6.7.2.2 Physical restriction and/or limit of supply of water is due to Technical Engineering reason(s) 6.7.2.3 The municipality has attempted to enter into SLA with Eskom for Eskom Supplied Areas and document reason(s) for failure	Quarterly	Monthly S71 Revenue Collection Ward Template	Ritchie is a small poor community and will not have a significant impact on the collection rate.
	6.7.3 Install progressively smart prepaid meters in municipal supplied areas (Electricity)	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0 Q4: 2,000 (As per SDBIP)	Smart meter project is completed. YTD installations until 31 March 2025 = 15,328
6.7 Maintain a minimum average quarterly collection of property rates and services charges	6.7.3 Install progressively smart prepaid meters in municipal supplied areas (Water)	Quarterly	Report on the number of meters installed Annual Target: 2000 Q1: 0 Q2: 0 Q3: 0 Q4: 2,000 (As per SDBIP)	Zero smart prepaid water meters were installed.

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - May 2026
	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 third quarter was completed on 13 April 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 13 April 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 May 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 April 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 ensure proper management of resources)	6.12.1 Open a separate investment account to serve as a sub-account	Once-off	Investment account confirmation	Compliant A call deposit account to serve as a sub-account was opened on 13 November 2023 with our primary banker. Sub-account account is no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No.124
	6.12.1 must apportion and ring-fence in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation	Funds to be invested weekly and withdrawn monthly	Investment account and primary bank statement	Finalised Daily process developed to identify amounts received per service. EQS portion to be considered on a monthly basis, once subsidies have been allocated on the system. Partially Compliant The ESKOM current account was partially paid, directly from the Primary bank account. Investment account statement no longer

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Progress Reporting period - May 2026
				required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124
	<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</p> <p>The ESKOM current account was partially paid, directly from the Primary bank account. The municipality has shown improvement on its cash flow management, however substantial receipts from debtors are not materialising. Municipality has a backlog in terms of built-up reserves. Salaries and third-party salary payments including commitments to other creditors make this requirement difficult to maintain.</p>
	<p>The municipality monthly submit a copy of the bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue</p>	Monthly, within 10 working days after month end	Bank statement and proof of payment aligned to actual receipts	<p>Compliant</p> <p>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 May 2026.
2. The non-compliance emanating from the municipality's debt relief self-assessment and overall performance from July 2025, as well as the draft National Treasury's independent assessment set-out in paragraph 16.3 above. Please refer to the draft Non-compliance report and compliance certificate for April 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 third cycle.
 - 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 two thirds of the municipal debt amounting to R496 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 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.
10. That the Mayoral committee take note of the Fruitless and Wasteful expenditure incurred on interest on overdue accounts amounting to R19,389 million for bulk electricity for the period Jul 2024 to June 2025. The interest incurred for the current year as at 31 May 2026 amounts to R60,522 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 final third debt write-off by National Treasury, the municipality have an obligation to settle **R502,353,791.89**, as indicated in the table below. Arrears on the outstanding invoices including interest amounts to R388,453,791.89 and the arrears on the payment arrangement amount to R113,900,000.00.

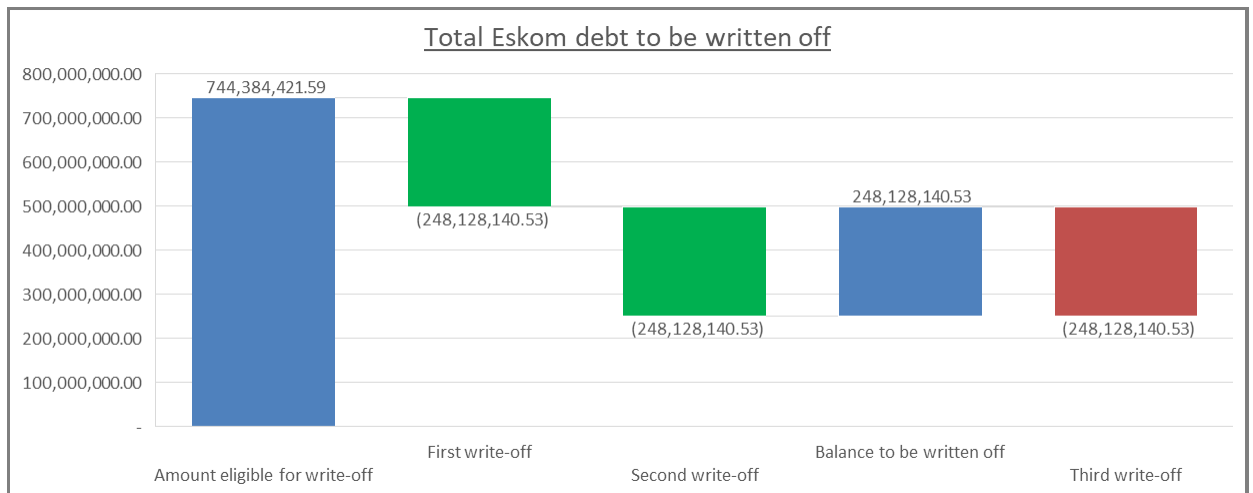
Month	Invoice Amount incl Interest	Paid Amount	Balance due incl Interest	Arrear instalments Payment Arrangement	Total Due to be in Good standing	Interest
Jul-24	R 148,333,011.78	R 148,333,011.78	R -	R -	R -	R 273,911.75
Aug-24	R 127,600,942.44	R 127,600,942.44	R -	R 6,700,000.00	R 6,700,000.00	R 154,610.92
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 146,873,234.81	R -	R 6,700,000.00	R 6,700,000.00	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 56,000,000.00	R 27,316,482.56	R 6,700,000.00	R 34,016,482.56	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
Feb-26	R 81,366,974.13	R 81,366,974.13	R -	R -	R -	R 5,762,503.91
Mar-26	R 85,475,024.94	R 85,475,024.94	R -	R -	R -	R 5,618,983.74
Apr-26	R 84,515,538.44	R 50,000,000.00	R 34,515,538.44	R -	R 34,515,538.44	R 6,869,542.60
TOTAL ESKOM	R 2,002,817,454.91	R 1,614,363,663.02	R 388,453,791.89	R 113,900,000.00	R 502,353,791.89	R 75,375,392.69

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, December 2025, January, February and March 2026 amounting to a combined total of **R270,700,852.93** and the arrears on the debt agreement amounts to **R22,854,707.84**. This is also the full balance outstanding on the debt agreement, excluding the interest of R14,703,680.46 to be written off. The total amount due to DWS amounts to **R255,997,172.47**, as articulated in the table below.

Month	Invoice Amount	Paid Amount	Balance due	Less potential interest write-off	Total Due to be in Good standing	Interest
Arrears	R 54,656,466.48	R 17,098,078.18	R 37,558,388.30	-R 14,703,680.46	R 22,854,707.84	R -
Oct-24	R 17,504,048.73	R -	R 17,504,048.73	R -	R 17,504,048.73	R -
Nov-24	R 17,504,048.73	R -	R 17,504,048.73	R -	R 17,504,048.73	R -
Dec-24	R 15,680,672.19	R -	R 15,680,672.19	R -	R 15,680,672.19	R -
Jan-25	R 20,395,986.37	R -	R 20,395,986.37	R -	R 20,395,986.37	R -
Feb-25	R 18,327,914.21	R 18,327,914.21	-R 0.00	R -	-R 0.00	R -
Mar-25	R 16,769,310.95	R 16,769,310.95	-R 0.00	R -	-R 0.00	R -
Jun-25	R 3,179,334.42	R -	R 3,179,334.42	R -	R 3,179,334.42	R -
Jul-25	R 21,433,972.20	R -	R 21,433,972.20	R -	R 21,433,972.20	R -
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 -
Feb-26	R 21,740,055.80	R -	R 21,740,055.80	R -	R 21,740,055.80	R -
Mar-26	R 16,202,176.19	R -	R 16,202,176.19	R -	R 16,202,176.19	R -
TOTAL WATER	R 342,939,297.14	R 72,238,444.21	R 270,700,852.93	-R 14,703,680.46	R 255,997,172.47	R -

13. Municipal Debt Relief Benefit

The total debt eligible for write-off, over the 3-year period amounts to **R744,384,421.59**. National Treasury approved the write-off of two thirds (2/3) of the municipal debt amounting to **R496,256,281.06**. 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 R248 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 **May 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: 17 /06/2026



national treasury

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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 APRIL 2026

Sol Plaatje Local Municipality has submitted its April 2026 Municipal Debt Relief Programme reporting package against the requirements of MFMA Circular No. 124. This report has been compiled in the same letter-based format as the March 2026 compliance certificate, with each debt relief condition presented separately under its own heading and with the assessment tone retained as a formal National Treasury compliance review. The report does not introduce additional summary tables that were not part of the March report format. The only tabular insert retained is the March-format Section 71 reporting component validation, because that table forms part of the original reporting structure and directly supports the assessment of Condition 6.9.

The April 2026 performance information has been corrected using the April Certificate of Compliance and automated performance workbook. The corrected result is 31 compliant scored items out of 41 scored conditions, which equates to 75.61 per cent before rounding and is reflected as Moderate compliance. The workbook also indicates a partially completed status with seven validation matters requiring attention. This correction is important because the report must not present the April result as full compliance or as an improvement strong enough to reduce the Municipality's risk classification. A rounded score of 76 per cent remains a moderate compliance outcome and must be read together with the underlying failed conditions.

The most serious concern remains the Municipality's inability to convert reporting into disciplined financial execution. The April Certificate of Compliance records the Eskom current-account payment, evidence and reconciliation items as positive for the specific month. However, the broader April Section 71 information still records a significant Eskom good-standing exposure of R493.313 million, consisting of outstanding invoice balances including interest of R379.413 million and payment arrangement arrears of R113.900 million. The March 2026 Eskom account was only partially settled, with a payment



of R60.000 million recorded, and the payment arrangement should already have been settled. This means the formal monthly Eskom sub-score cannot be interpreted as evidence that the Municipality has restored bulk-creditor discipline.

The DWS position is more direct and materially adverse. The April Certificate of Compliance records No outcomes for payment of the bulk water current account, submission of supporting evidence and reconciliation of the payment to the financial system, mSCOA and section 41 information. The April Section 71 report records total outstanding DWS debt of approximately R270.701 million, including arrears for 2021/22, 2024/25 and 2025/26, and records that the Municipality must settle R255.997 million to remain on the Department's Debt Incentive Programme. The report also records arrears on the debt agreement of approximately R22.855 million. These figures confirm that the Municipality has not protected water-service revenue on a first-call basis and that the DWS incentive benefit remains at risk.

The revenue position remains equally weak. The April Section 71 report records the total debtor book at approximately R4.508 billion, of which about 90 per cent is older than 90 days. Government debt is reported at approximately R661.147 million, business debt at approximately R720.741 million and household debt at approximately R2.977 billion. These amounts are not marginal variances; they represent a deep structural collection problem that directly undermines the Municipality's ability to settle current bulk accounts, comply with payment arrangements and maintain a funded budget in practice. The existence of a technical funded budget cannot compensate for poor conversion of billed revenue into cash.

The April collection information must be treated carefully. The monthly collection rate for property rates and service charges is recorded as 74 per cent when March billings and April receipts are aligned, and 71 per cent when other billing and receipts are included. The revised average collection rate is recorded at 82.0 per cent for property rates and service charges only. The debt relief target for the third cycle remains 95 per cent. The April CoC appropriately treats the quarterly collection threshold as not yet due because April is not quarter-end, but this timing point does not remove the substantive risk. The monthly collection performance remains materially below the level required to fund operations, settle Eskom and DWS, and sustain the Municipality's participation in the relief programme.

The April 2026 assessment must also be read against the draft 2026/27 MTREF and the draft tariff-tool evidence. Condition 6.4 is technically positive because the draft MTREF reflects a funded position and an operating surplus over the medium-term revenue and expenditure framework. The tabled draft budget records total operating revenue excluding capital transfers of R3.352 billion for 2026/27 against operating expenditure of R3.344 billion, resulting in a narrow operating surplus of R7.135 million. Total revenue including capital transfers is projected at R4.048 billion, with a surplus including capital transfers of R703.519 million and a capital expenditure programme of R630.898 million. The budget therefore presents a technically funded position, but the narrow operating surplus and the size of existing creditor exposure require a strong qualification.

Condition 6.5 must be corrected to reflect the April CoC response. The CoC records the cost-reflective tariff condition as No. A draft tariff tool was submitted and the draft tariff evidence includes revenue budgeted of R409.032 million for water, R109.297 million for wastewater, R1.208 billion for electricity



and R88.676 million for solid waste in the 2026/27 budget year. However, the tool contains formula and validation weaknesses in the revenue-required and surplus or deficit sections, and the mere existence of budgeted revenue by service does not prove cost reflectiveness. The condition must therefore remain non-compliant until the Municipality provides a corrected tool that reconciles to Table A4, explains all direct and indirect cost allocations, and demonstrates the relationship between required revenue, tariff structure, affordability and equitable share treatment.

The Municipality must therefore treat the April 2026 assessment as a continuation of the March warning. It cannot rely on Council resolutions, policy existence, smart meter completion, a technically funded draft MTREF or administrative reporting to offset failures in DWS payment discipline, water restriction implementation, payment-priority controls, cost-reflective tariff evidence and debt relief accounting. The remaining Eskom write-off benefit remains material. The April report records that National Treasury approved two thirds of the qualifying Eskom debt amounting to approximately R496.256 million. If the Municipality fails to comply with the conditions and fails to clear accumulated arrears, a further write-off benefit of approximately R248 million remains at risk. That risk must be explicitly communicated to Council.

The April 2026 result must be interpreted against the full participation trend. Sol Plaatje has not achieved a stable upward trajectory. The Municipality continues to move between moderate and above-moderate compliance, while the most important behavioural indicators, namely current-account payment, bulk-creditor evidence, ring-fenced cash application, water enforcement and tariff reform, remain weak. The corrected April result of 75.61 per cent is higher than the corrected March automated score of approximately 70.73 per cent, but it remains within the same Moderate compliance band. A movement within the moderate band does not constitute a recovery and should not be reported as a material turnaround.

The compliance register and April evidence confirm that Sol Plaatje remains financially exposed. The original ring-fenced Eskom debt was approximately R744.384 million. National Treasury has approved debt relief benefits against that obligation, and the April Section 71 report records that the first and second thirds amounting to approximately R496.256 million must be processed or properly reconciled in the Municipality's books. At the same time, the Municipality continues to record substantial post-approval arrears and current-account exposure. The remaining relief benefit cannot be protected unless the Municipality demonstrates sustained discipline on current accounts, repayment arrangements, collection performance, expenditure prioritisation and accounting treatment.

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

The Monthly Performance Report provides a condition-by-condition assessment of Sol Plaatje Local Municipality's compliance with the Municipal Debt Relief Programme under MFMA Circular No. 124. The report tracks performance against 41 compliance indicators grouped under the main MDRP compliance areas, namely Eskom and bulk water current-account discipline, compliance with a funded MTREF, FRP/BFP and tariff assessment, electricity and water as collection tools, quarterly collection of property rates and service charges, maximisation of the revenue base and oversight. For April 2026 the corrected automated score is 31 out of 41, or 75.61 per cent, with a Moderate compliance rating. The



workbook status also indicates seven validation concerns and a partially completed position, which must be cleared before the next formal assessment.

The most serious weakness remains under Part A: Eskom and bulk water current account. The Eskom sub-items were scored positively in April, but this is not sufficient to remove the overall bulk-creditor risk because the Municipality still records substantial Eskom good-standing exposure and arrears. The DWS sub-items are negative and confirm current-account non-payment, missing proof-of-payment evidence and non-reconciliation of payments. This is a fundamental breach area because the debt relief programme requires service revenue to be protected and applied to bulk-service obligations before lower-priority spending.

The report also confirms continued weakness under the electricity and water collection-tool conditions. Electricity disconnection and prepaid blocking are being used, but the Municipality has not demonstrated effective water restriction or interruption for defaulting consumers. The April supporting evidence indicates that most properties still have conventional water meters that do not have the functionality to restrict or interrupt supply and that the infrastructure design hampers restriction for an individual property. The Municipality reports that approximately 15 000 new water meters are planned through the Regional Bulk Infrastructure Grant programme, but a planned intervention does not yet amount to compliance with Condition 6.6.

Although the April result remains within the Moderate compliance band, it must not be interpreted as satisfactory. The score is sustained by several administrative, N/A and positive budget-related items, while the non-compliant items are concentrated in the areas that matter most for fiscal recovery. The Municipality must be assessed not only on the number of compliant items, but also on the nature of the failed items. Failure to pay the DWS current account, failure to demonstrate effective water restriction, failure to provide a completed cost-reflective tariff tool and failure to prioritise ring-fenced service revenue are substantive failures that weaken the credibility of the Municipality's continued participation in the programme.

Condition 6.1 – Municipality non-compliance

The April 2026 assessment indicates that Sol Plaatje remains materially exposed to non-compliance under the Municipal Debt Relief Programme. The Municipality is not failing because it lacks a formal reporting channel or a Council-approved entry into the programme. It is failing because implementation remains inconsistent, cash discipline is weak and the most important financial obligations linked to the programme are not being satisfied at the required level. A corrected score of 75.61 per cent must therefore be treated as a warning signal, not as a satisfactory outcome. The Municipality has received a significant debt relief benefit and must now demonstrate that it can sustain the behavioural change expected by National Treasury.

The most serious Condition 6.1 risk is that several operational failures are recurring. The Municipality has not fully restored creditor discipline, has not achieved acceptable collection levels, has not implemented water restriction as a practical collection tool, has not yet achieved a clean cost-reflective



tariff-tool outcome and has not fully reconciled the accounting treatment of the Eskom write-off benefit. These failures are not isolated administrative weaknesses. They go directly to the credibility of the Municipality's participation in the MDRP and to the protection of the remaining debt relief benefit at risk.

Council and senior management must therefore treat all MDRP matters as executive accountability items. Each non-compliant condition must be assigned to a named senior official with an implementation deadline, evidence requirement and monthly Council reporting line. Repeated failure must trigger consequence management. The Municipality must stop explaining weak performance and must demonstrate corrective action through payments, collections, reconciliations, enforcement records and audit-ready evidence. Governance will be judged by execution, not by the adoption of additional resolutions.

The Municipality must establish a breach-response protocol that is triggered immediately when any MDRP condition is reported as No, not achieved, partially completed or materially qualified. The protocol must require the responsible Executive Director to prepare a written recovery note within five working days, setting out the value at risk, the reason for the breach, the corrective action, the funding source where applicable and the date by which evidence will be uploaded. The Municipal Manager must consolidate the responses into a monthly MDRP accountability report. This will prevent non-compliance from being diluted in the wider Section 71 narrative and will give Council a clear basis to intervene before the next reporting month.

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



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

Province: NW
Code: NC091
District: Frances Baard
Code Description: Sol Plaatje

Monthly Performance Report table with columns for Municipal Details, Part A-E, and Scoring and Rating. Includes rows for months from July 2025 to June 2026.

The Monthly Performance Report provides a condition-by-condition assessment of Sol Plaatje Local Municipality's compliance with the Municipal Debt Relief Programme under MFMA Circular No. 124. The report tracks performance from July 2025 to April 2026 against 41 compliance indicators grouped under the main MDRP compliance areas, namely bulk service current-account discipline, funded MTREF compliance, financial recovery and tariff assessment, electricity and water as collection tools,



quarterly collection of property rates and service charges, maximisation of the revenue base, and oversight.

For April 2026, Sol Plaatje achieved an overall compliance score of 79 per cent, resulting in a rating of Moderate compliance. This represents a slight improvement from the February 2026 score of 78 per cent and confirms that the Municipality's compliance position remains unstable. The Municipality has shown continued compliance in certain administrative and governance-related areas, particularly under the funded MTREF, revenue-base monitoring and oversight indicators. However, these positive areas are materially weakened by persistent non-compliance in the most critical financial discipline indicators.

The most serious weakness remains under Part A: Eskom and bulk water current account, where the Municipality recorded repeated "No" outcomes on key indicators. This confirms that current-account discipline remains unresolved and that the Municipality has not yet demonstrated the strict payment behaviour required under the Municipal Debt Relief Programme. This is a fundamental concern because payment of current bulk accounts is not a secondary compliance matter; it is a gateway condition for retaining the credibility and benefit of debt relief support.

The table further shows that Sol Plaatje continues to underperform under Part D: Electricity and water as collection tools, with non-compliance reflected on critical enforcement indicators. This points to weaknesses in the practical use of restriction, disconnection and revenue enforcement measures. The March 2026 assessment also records non-compliance under the quarterly collection indicators, confirming that the Municipality's collection performance remains below the required standard and is not yet aligned to the 95 per cent MDRP benchmark.

Although the Municipality remains within the "Moderate compliance" band, the March 2026 score must not be interpreted as satisfactory. The decline from February 2026 indicates that progress is not being sustained, and that the Municipality remains exposed to debt relief risk, liquidity pressure and creditor enforcement risk. The compliance pattern shows that Sol Plaatje has improved in selected reporting and oversight areas but has not yet corrected the core financial behaviour required to stabilise the institution.

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

Condition 6.2 remains technically compliant because the Municipality entered the debt relief programme on the basis of an application supported by Council resolution. The entry requirement was therefore satisfied and the Municipality was approved as a beneficiary of the programme. However, compliance with the original application condition is not a continuing defence against current breaches. The Council resolution created an obligation to comply with the programme conditions for the full relief period, not a once-off entitlement to relief.



The practical implication for April 2026 is that Council must be reminded of the commitments it accepted when the debt relief application was approved. The same Council-approved participation must now be matched by Council-level enforcement. The Municipality cannot accept the benefit of debt relief while allowing management to breach current-account, collection, tariff and reporting obligations. Any Council report on the MDRP must therefore include the April 2026 risk position, the Eskom and DWS good-standing requirements, the collection-rate shortfall, the non-implementation of water restriction and the risk of losing the remaining relief benefit.

National Treasury should require the Municipality to table a refreshed Council report confirming the implications of continued non-compliance. The report must explicitly record the value of the remaining write-off at risk, the April 2026 breach areas and the corrective action plan for each condition. Council must not merely note the report. It must approve clear implementation instructions and require monthly reporting by the Municipal Manager and CFO.

Council must be made to understand that its original approval of the debt relief application carries continuing obligations. The Municipality should table a dedicated Council item confirming the status of the relief benefit, the conditions failed in April, the corrective actions required and the consequences of failing to restore compliance. This is necessary because the programme risk is no longer a technical finance matter only. It affects the Municipality's electricity business, its relationship with Eskom and DWS, and the credibility of its financial recovery path.

Condition 6.3 – Maintaining the Eskom bulk current account

Condition 6.3 must be assessed with a clear distinction between the April CoC score and the broader financial risk. The April CoC records the Eskom current-account payment, supporting evidence and reconciliation items as Yes. This is the formal CoC position for the Eskom sub-items. However, the April Section 71 report still records a substantial Eskom good-standing requirement of R493.313 million, made up of R379.413 million in arrears on outstanding invoices including interest and R113.900 million in arrears on the payment arrangement. It also records that the Municipality made only a partial payment of R60.000 million on the March 2026 Eskom account. The Municipality is therefore not yet in a stable Eskom position.

The bulk water current-account position is non-compliant. The April CoC records No responses for the payment of the bulk water current account within the prescribed period, submission of supporting evidence, and reconciliation of the payment to the amount recorded on the financial system, mSCOA data string and section 41 statement. The April Section 71 report records DWS debt of approximately R270.701 million and a required amount of R255.997 million to remain on the Department's Debt Incentive Programme. The Municipality also records arrears on the DWS debt agreement of approximately R22.855 million. This confirms that the Municipality has not protected water revenue and applied it to bulk water obligations in the manner required under the programme.

The DWS breach is especially serious because the Department's incentive scheme includes interest write-off and interest suppression benefits that are conditional on payment discipline. If the Municipality fails to settle the outstanding arrear debt, it risks forfeiting the interest write-off benefit and



may again be charged interest on overdue accounts. This would create additional fruitless and wasteful expenditure risk and would further weaken the Municipality's already fragile liquidity position. The April report must therefore treat the DWS failure as a core compliance failure, not as a secondary creditor issue.

The Municipality must manage Eskom and DWS through a separate bulk-creditor command process rather than through ordinary accounts payable processes. The dashboard must record each invoice, due date, current-account amount, payment made, proof-of-payment upload, mSCOA reconciliation, section 41 confirmation, arrear instalment due, arrear instalment paid and outstanding balance. The Municipal Manager and CFO must review this dashboard weekly. Where payment cannot be made, the breach must be escalated immediately to Council with a funding solution and expenditure reprioritisation proposal.

National Treasury should require a funded settlement plan for both Eskom and DWS. The plan must set out the source of funding for current accounts, arrear instalments and outstanding balances; the dates for clearing overdue amounts; responsible officials; and the monthly evidence pack to be uploaded. Without this plan, the Municipality will continue to move from month to month with partial payments, unsupported explanations and no credible restoration of good standing.

Condition 6.4 – A funded MTREF

Condition 6.4 must be updated for April 2026 to reflect both the 2025/26 adjusted budget and the tabled 2026/27 draft MTREF. The Municipality's 2025/26 original and adjustment budgets were assessed as funded, but the draft 2026/27 budget is now the relevant forward-looking evidence. The tabled draft budget reflects total operating revenue excluding capital transfers of R3.352 billion for 2026/27 against operating expenditure of R3.344 billion, resulting in an operating surplus of R7.135 million. On this basis, the April CoC records the funded MTREF items as compliant or not applicable where a funding plan is not required because the MTREF is funded.

The technical funded status must be heavily qualified. A surplus of R7.135 million is narrow when compared with the scale of the Municipality's Eskom exposure, DWS exposure, aged debtor book, collection-rate shortfall and capital programme obligations. The April Section 71 report records a debtor book of R4.508 billion and a revised average collection rate of 82 per cent against the debt relief benchmark of 95 per cent. The draft budget therefore cannot be assessed only by the arithmetic surplus in Table A4. It must be tested against the probability that revenue will be collected in cash and that expenditure will be controlled sufficiently to protect first-call payments.

The draft MTREF also records total revenue including capital transfers of R4.048 billion for 2026/27 and a surplus including capital transfers of R703.519 million. Capital expenditure is projected at R630.898 million in 2026/27 and approximately R1.488 billion over the MTREF, with a substantial portion linked to grant-funded bulk-water and infrastructure projects. This capital programme may support service delivery and long-term sustainability, but it also creates implementation, maintenance and operating-cost obligations. The Municipality must show how the operating budget will absorb the downstream costs of grant-funded infrastructure without worsening the unfunded operational position.



The draft budget itself acknowledges that the budget can remain funded only if the Municipality significantly improves collection, implements revenue enhancement, cuts non-essential spending, consistently applies cost containment and improves quality of workmanship. This is a critical qualification. A budget that depends on improved collection must be supported by actual enforcement evidence, not merely a policy statement. The Municipality must reconcile the 2026/27 revenue assumptions to actual collection performance, debtor recovery, payment arrangements, service-level collection plans and the expected effect of credit-control interventions.

The final 2026/27 budget must therefore include a cash-backed funding test. National Treasury should require sensitivity analysis showing the impact on cash flow, creditor payments and operating surplus if collection remains at 82 per cent, improves to 85 per cent, or reaches the 95 per cent debt relief benchmark. The Municipality must also show how debt impairment, depreciation, bulk purchases, repairs and maintenance and contracted services were treated. If the final budget remains funded only because of optimistic revenue assumptions, National Treasury should qualify the Condition 6.4 outcome even if the formal CoC item remains positive.

Conditions 6.5 – Cost reflective tariffs

Condition 6.5 must be corrected using the April CoC, the draft tariff tool and the draft 2026/27 budget. The April CoC records the cost-reflective tariff condition as No. This is the controlling compliance outcome for the month. The Municipality provided draft tariff evidence, but the evidence is not sufficient for a positive compliance finding because the tool still requires correction, completion and reconciliation before the final budget is adopted. The tariff-tool requirement is not satisfied by submitting an incomplete workbook or by presenting tariff increases in the budget narrative. The tool must demonstrate that the intended tariffs are cost reflective and that the revenue component of the budget is credible and funded.

The draft tariff tool records 2026/27 budgeted revenue of approximately R409.032 million for water, R109.297 million for wastewater, R1.208 billion for electricity and R88.676 million for solid waste, with a combined Year 1 service revenue figure of approximately R1.815 billion for these services. The draft budget reflects the same broad service-revenue structure. However, the tariff tool also shows weaknesses in the revenue-required and surplus or deficit calculations. Several Year 2 and Year 3 revenue-required fields display formula or value errors, and certain service-specific reports show validation issues. These weaknesses prevent the tool from providing a clean basis for confirming cost reflectiveness.

The draft budget proposes average tariff increases of 3.70 per cent for property rates, 8.00 per cent for electricity, 3.70 per cent for water, 3.70 per cent for wastewater and 3.70 per cent for waste management for 2026/27. The electricity increase is presented against the NERSA-approved average Eskom price increase of 9.01 per cent from 1 July 2026 and the Municipality's own cost assessment for the service. The proposed electricity increase may be lower than the Eskom bulk increase, which means the Municipality must demonstrate how the difference will be absorbed through cost control, loss reduction, tariff structure design or other revenue measures. Without this demonstration, the electricity trading service may continue to place pressure on cash flow.



Water, sanitation and refuse require equal attention. The Municipality reports poor collection performance for water, sanitation and refuse, and the April CoC confirms that water restriction is not yet practically implemented. In this context, cost-reflective tariffs cannot be assessed only by tariff percentage increases. The Municipality must demonstrate that consumption assumptions, service availability charges, fixed and variable cost components, indirect cost allocations, equitable share allocations, free basic service support, debt impairment and affordability have been properly incorporated. A tariff that is mathematically increased by CPI may still be non-cost-reflective if the underlying cost base, losses and collection assumptions are not correctly modelled.

National Treasury should therefore require the Municipality to submit a corrected tariff-tool evidence pack before the final budget is adopted. The evidence pack must include the completed National Treasury tariff tool, a reconciliation to Table A4 revenue by source, the tariff policy, Council approval evidence, the cost-of-supply or cost-allocation methodology, the treatment of local government equitable share, the basis for indirect cost allocation, the debt impairment assumptions, and a clear explanation of any tariff shortfall or planned phase-in. The final budget should not be regarded as sufficiently credible unless the tariff tool supports the tariff increases and explains how each trading service will move toward cost-reflective recovery.

Condition 6.5 should therefore remain non-compliant for April 2026, with a corrective action that the draft tariff tool exists but is not yet sufficient. The Municipality must use the final-budget process to correct the tool, remove formula errors, reconcile service revenue and demonstrate cost reflectiveness. If tariff shortfalls are identified, the Municipality must propose a credible two- to three-year phase-in, supported by affordability analysis and a funded cash-flow plan.

Condition 6.6 – Electricity and water as collection tools

Condition 6.6 remains materially weak. The Municipality continues to use electricity disconnection and prepaid blocking as credit-control tools, and it reports that smart prepaid electricity meters have been progressively installed through the Smart Meter Grant. The smart meter grant implementation by the appointed service provider is reported as completed, and no new meters were installed since April 2025. These positive elements support electricity enforcement, but they do not resolve the broader collection-tool condition because the programme requires both electricity and water mechanisms to be available and applied appropriately to defaulting consumers, with indigent households protected in line with policy and national free basic service limits.

The water-restriction component remains the main failure. The April Section 71 report states that a tangible solution must be found for the interruption or restriction of water supply because most properties have conventional water meters that are old and do not have the capability or functionality to restrict or interrupt supply. The report further states that the current infrastructure design and connection arrangement hampers the Municipality from restricting supply to one property only. This explanation confirms the operational constraint, but it also confirms non-compliance because the Municipality has not yet implemented a practical water-restriction mechanism.



The Municipality reports that approximately 15 000 new water meters are planned through the Regional Bulk Infrastructure Grant programme. This is a necessary intervention, but it must be converted into an implementation roadmap. The roadmap must identify the areas to be prioritised, meter numbers, procurement route, funding source, technical specifications, indigent protection measures, legal notices, customer communication, installation milestones and monthly enforcement outputs. The Municipality should not continue to report water restriction as not applicable or impractical without demonstrating a funded plan to close the gap.

The link between Condition 6.6 and the debtor book is direct. The Municipality's debtor book exceeds R4.5 billion, and 90 per cent is older than 90 days. Water, wastewater and refuse collection remain weak, and electricity enforcement alone cannot collect those service charges where consumers continue to receive services while avoiding payment. The Municipality must therefore design a segmented enforcement model that combines payment arrangements, electricity blocking, water restriction where technically feasible, legal collection, targeted government-debt resolution and protection of verified indigent households.

National Treasury should require evidence of actual enforcement, not only policy references. The next pack must include the number of accounts disconnected, prepaid blocks implemented, water restriction notices issued, water restrictions effected, indigent households excluded from enforcement, payment arrangements concluded, payment arrangements defaulted, debt collected from enforcement actions and complaints resolved. Without these outputs, Condition 6.6 should remain qualified even if the Municipality can point to by-laws and approved policies.

Condition 6.7: Maintain a Minimum Average Quarterly Collection Rate

Condition 6.7 must be presented accurately for April 2026. April is not the end of a quarter, and the April CoC records the quarterly collection threshold as not yet due or N/A for the relevant items. The quarterly collection rate for the fourth quarter will be reported at the end of June 2026. The formal April CoC should therefore not be amended to record a quarterly failure for a month that is not quarter-end. This correction is necessary because the report must distinguish between the formal CoC scoring outcome and the underlying monthly revenue risk.

The underlying monthly revenue risk remains severe. The April Section 71 report records a monthly collection rate of 74 per cent for property rates and service charges when March 2026 billing and April 2026 receipts are aligned, and 71 per cent when other billing and receipts are included. The revised average collection rate is recorded at 82.0 per cent for property rates and service charges only. The debt relief target for the third cycle remains 95 per cent. Therefore, even though the April CoC quarterly item is N/A, the Municipality is not on a strong trajectory to meet the quarter-end requirement unless collections improve materially in May and June.

The collection rate is also distorted by the annual billing of property rates and by the exclusion of prepaid electricity sales from certain calculations. These technical points must be explained in the reporting pack, but they do not remove the cash-flow problem. The Municipality still requires cash to settle current bulk accounts, arrear instalments, third-party obligations and normal operating expenditure.



Unallocated receipts of R16.672 million were recorded for allocation during May 2026, but this amount is small compared with the scale of the debtor book and creditor pressure.

The Municipality must implement a service-level collection recovery plan. A single aggregate percentage is insufficient. The plan must report property rates, electricity, water, wastewater, refuse, government debt, business debt, household debt, indigent debt and inactive meters separately. It must also distinguish between areas supplied by the Municipality and areas supplied by Eskom. The Municipality has indicated that it cannot prove that poor collection is attributable to the non-collection of the Eskom-supplied Ritchie area. This must be resolved through ward-level analysis, debtor segmentation and monthly reconciliations.

National Treasury should require the Municipality to submit a May and June collection acceleration plan before quarter-end. The plan must identify the top debtors, enforcement actions, payment-arrangement reviews, accounts to be blocked or disconnected, legal collection matters, government debt escalations and monthly revenue targets required to reach the 95 per cent benchmark. Without this plan, the June quarter-end assessment is likely to confirm continued underperformance.

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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 3					
Part A - Reconciliation Summary						
Number of Properties				Market Values		
Property Categories	Valuation Roll	Mun System	Variance	Valuation Roll	Mun System	Variance
Residential	5170	5170	0	24 268 019 602	24 268 019 602	-
Industrial	203	203	0	801740 000	801740 000	-
Business and Commercial	2332	2332	0	7 714 740 001	7 714 740 001	-
Agricultural	425	425	0	2 634 816 700	2 634 816 700	-
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	230	230	0	535 799 001	535 799 001	-
Multi Use	0	0	0	-	-	-
Vacant	0	0	0	-	-	-
POW	240	240	0	609 009 000	609 009 000	-
Municipal	9301	9301	0	1577 967 503	1577 967 503	-
Other	0	0	0	-	-	-
Total	64 508	64 508	-	40 893 647 207	40 893 647 207	-
Part B - Detailed Reconciliation						
Monthly Billing - Mapped Accounts				Monthly Billing - Un Mapped Accounts		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	25 572 425	23 954 831	1617 594	25 572 425	24 095 900	1476 525
Industrial	2 534 701	2 406 920	127 781	2 534 701	2 476 789	57 912
Business and Commercial	24 390 151	21932 749	2 457 402	24 390 151	22 309 007	2 081 143
Agricultural	694 274	489 610	204 665	694 274	490 327	203 947
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	-	13 953	- 13 953	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	0	0
Total	64 637 836	52 875 727	11 762 109	64 637 836	53 447 190	11 190 645

Condition 6.8 is recorded as compliant. Book 1 records positive responses on the General Valuation Roll and billing-system reconciliation requirements, including quarterly submission of the completed reconciliation. This is an important control because the Municipality cannot improve collection if its billing system is not aligned to the property register, service connections, municipal categories and approved valuation data.

However, compliance with the reconciliation requirement must not be treated as an end point. The Municipality's debtor book of R4.475 billion, with approximately 90 per cent older than 90 days, confirms that revenue-base completeness must be linked to debtor management, property categorisation, service charges, indigent verification and meter controls. A reconciled revenue base that is not converted into cash remains a financial risk. National Treasury should therefore require the Municipality to use the reconciliation results to identify omitted properties, incorrect categories, inactive accounts with active consumption, unmetered properties, mismatched meters and accounts requiring enforcement.



The required guidance is that the Municipality must integrate the property rates reconciliation, smart meter data and service-connection records into one revenue-base assurance process. Variances must be assigned to responsible officials and resolved through a documented action register. The register must include the account number, property description, category, service, meter status, action required, responsible official and date resolved. Revenue-base completeness must become a cash-recovery intervention, not merely a quarterly compliance upload.

Revenue-base completeness must be used to improve billing accuracy and cash recovery. The Municipality should reconcile the General Valuation Roll, billing system, meter database, indigent register and smart meter installation records into a single revenue-assurance register. This register must identify properties that are incorrectly categorised, not billed, under-billed, linked to the wrong account, recorded with incorrect meter information or receiving benefits without current verification. Each exception must be assigned to an official and resolved with evidence. A clean GVR reconciliation is useful only if it leads to corrected billing and improved collection. National Treasury should therefore require the Municipality to report the rand value of revenue corrections arising from the reconciliation, not only the completion of the reconciliation itself.

Condition 6.9 – Monitor and Report on compliance

Condition 6.9 is administratively compliant but operationally weak. The April Section 71 report includes an Annexure B debt relief component, a self-assessment, a monitoring plan, recommendations, debtor information, creditor information and narratives on Eskom, DWS, collection performance and debt relief risks. The report was prepared as part of the Section 71 monthly reporting process. This means the basic reporting channel exists. However, the purpose of Condition 6.9 is not only to report non-compliance after the fact. It is to create a monitoring system that enables Council and senior management to intervene before breach conditions become entrenched.

The April reporting pack shows that the Municipality understands the areas of weakness, but the response remains too narrative. The report correctly identifies DWS non-payment, the unpaid Eskom payment-arrangement instalment, weak revenue collection, water-restriction constraints and the need for urgent corrective action. It also records the risk of forfeiting debt relief benefits. These statements are useful, but they must be converted into enforceable actions. Each non-compliant condition must have an owner, deadline, amount involved, evidence requirement and monthly progress status. Without this, the same weaknesses will continue to appear in successive monthly reports.

The following March-format reporting validation is retained because it confirms the completeness of the Section 71 debt relief reporting pack and supports the assessment of Condition 6.9.



MFMA S71 Statement component		Compliance (Yes / No)
1.	The Budget Performance Overview (paragraph 4) of the MFMA S71 statement explicitly advised on the municipality’s progress in implementing the municipality’s budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	The conclusion (paragraph 14) of the MFMA S71 statement explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality’s Budget Funding Plan and / or Funded Budget.	Yes
3.	Annexure B of the MFMA S71 statement included the following debt relief reporting components-	
3.1.1	The municipality’s MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes
3.2	The municipality’s overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality’s revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D) .	Yes
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C) .	Yes
3.6.1	The summary of the municipality’s property rates reconciliation was undertaken in the National Treasury format.	Yes



MFMA S71 Statement component		Compliance (Yes / No)
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes
3.8	Recommendations noting explicitly the debt relief reporting to the mayor and / or Mayoral Committee meeting	Yes

Condition 6.10 – National Treasury certification of municipal compliance

Condition 6.10 is met as a process requirement because the April assessment is being compiled for certification purposes and because the Municipality's monthly pack provides the basis for National Treasury review. However, certification does not mean endorsement of the Municipality's compliance position. The certificate must record the corrected April performance and must clearly identify that the Municipality remains in moderate compliance with material failed conditions. The value of certification lies in the accuracy and firmness of the assessment, not in treating a moderate score as acceptable.

National Treasury's certification must therefore remain active, firm and evidence based. The April report should indicate that certification is complete as a process condition, but that the Municipality must demonstrate implementation of the March and April recommendations before the next assessment. Failure to implement the recommendations must be escalated to Council and Provincial Treasury because repeated reporting without correction weakens the credibility of the programme.

Condition 6.11 – Limitation on Municipal borrowing powers

Condition 6.11 is recorded as compliant because indicates that the Municipality has not borrowed in contravention of the limitation on municipal borrowing powers. This is a positive position and must be maintained. The restriction is intended to prevent municipalities that benefit from debt relief from replacing relieved debt with new long-term borrowing that weakens fiscal discipline and undermines the purpose of the programme.

Compliance with Condition 6.11 must nevertheless be monitored carefully. Sol Plaatje's weak cash position, low cost coverage, aged debtor book and creditor-payment pressure create a risk that the Municipality may consider borrowing or quasi-borrowing arrangements to bridge operational stress. Any such arrangement must be tested against the MFMA, the debt relief conditions and the affordability



of the funded MTREF. The Municipality must not enter commitments that shift the burden of current operational weaknesses into future financial years.

National Treasury's guidance is that no new long-term borrowing should be entertained unless it is legally permissible, affordability-tested, clearly linked to a funded capital programme and not designed to fund operating shortfalls or bulk creditor arrears. The Municipality must also avoid vendor-financing, deferred-payment or service-provider arrangements that have the economic effect of borrowing without being transparently recognised as such. The borrowing condition must be protected as part of the Municipality's broader fiscal discipline.

The Municipality must maintain a register of all borrowing, finance leases, instalment-sale arrangements, deferred-payment commitments and vendor-funded service arrangements entered into after debt relief approval. The register must be reviewed monthly by the CFO to ensure that no arrangement undermines the borrowing limitation or creates hidden long-term obligations. This is particularly important where cash stress may create pressure to enter into financing arrangements for operational relief. Any new capital financing proposal must be tested against affordability, the funded MTREF, MFMA requirements and the MDRP prohibition. The Municipality must not use complex contracting or service-provider structures to do indirectly what it may not do directly through borrowing.

Condition 6.12 - Proper management of resources

Condition 6.12 is materially qualified for April 2026. The April CoC records a positive response for apportioning and ring-fencing electricity, water and sanitation revenue and the relevant local government equitable share free basic services component. It also records the submission of bank-statement evidence as positive. However, the CoC records No for the requirement that the Municipality must first apply the revenue in the sub-account to pay the current Eskom and bulk water accounts and related arrear obligations. This is a substantive failure because ring-fencing is only meaningful if the cash is protected and applied to the intended obligations.

The Municipality reports that cash-flow pressure is caused by weak receipts from debtors, salaries, third-party salary-related commitments and other creditor obligations. These pressures are real, but they do not cure the compliance failure. The debt relief programme requires the Municipality to prioritise bulk-service current accounts and agreed arrangements. If cash is used for other purposes before Eskom and DWS are addressed, the ring-fencing control is not functioning as intended, even if a sub-account or accounting allocation is reported.

A ring-fencing control that exists only as an accounting narrative is inadequate. The Municipality must produce a daily or weekly cash-waterfall report that records receipts from electricity, water and sanitation, the related equitable share component, the amount ring-fenced, the amount released to Eskom, the amount released to DWS, the arrear instalments paid and any deviation approved. Deviations must be signed by the Municipal Manager and CFO and must be reported to Council. This is required to convert Condition 6.12 from a compliance statement into a practical cash-control mechanism.

National Treasury should require the Municipality to submit a cash-waterfall policy for the debt relief period. The policy must define the order of payment, responsible officials, approval thresholds,



reporting format and breach escalation. It must also explain how the Municipality will protect statutory deductions, employee-related third-party payments and essential creditors without compromising Eskom and DWS current-account obligations.

Condition 6.13 - Accounting treatment

Condition 6.13 remains a significant audit and compliance risk. The April evidence contains inconsistent signals on the Eskom write-off benefit. The Section 71 report records that the total debt eligible for write-off over the three-year period amounts to R744.384 million and that National Treasury approved two thirds of the municipal debt amounting to approximately R496.256 million. It also records that the first and second debt write-offs of approximately R496 million must still be effected in the Municipality's books. This creates uncertainty that must be resolved before year-end.

The accounting treatment is not an administrative detail. Debt relief changes the creditor balance, accumulated surplus or deficit position, audit trail and evidence base for future relief. If the second third has been approved but not processed, the Municipality must show the reason, the journal status, Eskom confirmation, ledger movement and reconciliation to the debt relief register. If only the first third has been processed, the Municipality must separate approved, processed and remaining benefits clearly. A material relief benefit cannot be left ambiguous in financial reporting.

The CFO must maintain a dedicated debt relief accounting file. The file must include the original approval, eligible debt calculation, first and second third approval letters where applicable, Eskom confirmations, journals processed, mSCOA classification, creditor ledger movement, Council reporting and evidence of CFO review. The file must also show how any interest suppression or related benefit was treated. This file must be ready for audit review and for National Treasury verification.

National Treasury should classify Condition 6.13 as not fully compliant until the accounting evidence is reconciled. The April report must require written CFO confirmation that specifies the amount approved, the amount processed in the ledger, the amount reflected in the compliance register, the residual amount at risk and the expected treatment in the annual financial statements.

Condition 6.14 – NERSA Licence

Condition 6.14 remains a high-risk consequence condition. The Municipality failed to comply with several substantive debt relief conditions during April 2026, including bulk water current-account payment, proper payment-priority application, effective water restriction, cost-reflective tariff-tool compliance and debt relief accounting certainty. The purpose of Condition 6.14 is to ensure that Council understands that continued non-compliance may have consequences for the electricity distribution function and for the Municipality's continued benefit from debt relief.

The April position should not be treated as an isolated monthly failure. The Municipality has shown repeated arrear accumulation and partial-payment behaviour over several months. Even where the April CoC records specific Eskom sub-items as positive, the Municipality remains exposed to good-



standing risk and has not demonstrated stable compliance across all bulk obligations. The NERSA licence consequence must therefore be communicated as a risk-management issue, not as a theoretical clause in the programme documentation.

The immediate recommendation is not to trigger licence revocation. The immediate recommendation is to force compliance restoration before escalation becomes unavoidable. The Municipality should be placed on formal notice that repeated failure to pay current accounts, protect service revenue, implement credit-control tools and maintain audit-ready evidence may lead to escalation under the debt relief framework, including consideration of the licence-related consequence where the statutory requirements are met.

Council must receive a legal and financial briefing explaining what repeated non-compliance may mean for the electricity distribution function, including the potential steps required under the Electricity Regulation Act and the Municipal Systems Act. The briefing must also explain that the remaining relief benefit is conditional, and that continued breach may lead to loss of support and renewed enforcement action by creditors.

High-Level Recommendations:

The Municipality must implement the following actions as enforceable management requirements. These are not optional recommendations. They are the minimum interventions required to restore credibility to the April 2026 compliance position and to protect the remaining debt relief benefit.

1. Restore Eskom and DWS good standing immediately. The Municipality must submit a funded settlement plan for the Eskom good-standing amount of R493.313 million and the DWS amount of R255.997 million required to remain on the Department's Debt Incentive Programme. The plan must include funding sources, payment dates, responsible officials and Council oversight. Current accounts and repayment arrangements must be paid before lower-priority expenditure.
2. Implement a weekly bulk-payment command process. The Municipal Manager and CFO must chair a weekly process that reviews invoices, proof of payment, bank balances, cash collections, ring-fenced service revenue and arrear instalments. Minutes must be retained as MDRP evidence, and any missed payment must be escalated immediately with a funding response.
3. Replace narrative explanations with a condition tracker. Each condition must be tracked monthly against status, owner, deadline, value at risk, evidence submitted and corrective action. A repeated red status must trigger consequence management and Council escalation. The tracker must also include the seven validation matters reflected in the April CoC workbook.
4. Finalise the 2026/27 MTREF with a cash-backed funding test. The final budget must reconcile the technical surplus to actual collection performance and must include sensitivity analysis showing the effect of collection remaining at 82 per cent, improving to 85 per cent or reaching the 95 per cent debt relief benchmark. The final budget must protect debt impairment, depreciation, repairs and maintenance and first-call bulk-service obligations.



5. Correct and approve the tariff tool before final budget adoption. The April CoC records Condition 6.5 as No. The final tariff-tool pack must reconcile to Table A4, include all direct and indirect costs, allocate equitable share correctly, disclose debt impairment and depreciation assumptions, explain tariff shortfalls and set out a phase-in plan where tariffs are not yet fully cost reflective.
6. Enforce water restriction capability. The Municipality must provide a technical water-restriction plan that identifies the meters that cannot restrict supply, replacement needs, procurement route, legal process, budget and implementation milestones. The current position that most conventional water meters cannot restrict supply must be treated as a problem to be solved, not as a reason for continued non-compliance.
7. Intensify service-level collection recovery. The Municipality must target water, wastewater and refuse collection specifically, while also addressing government, business and household arrears. A general collection report is insufficient. The recovery plan must include debtor segmentation, top debtor actions, payment-arrangement enforcement, legal collections and monthly service-level recovery reporting.
8. Prepare a debt relief accounting confirmation signed by the CFO. The confirmation must reconcile the first and second write-off approval, the ledger processing, the compliance register and the remaining relief benefit at risk. The accounting file must be audit-ready and must be aligned to mSCOA, creditor statements and Eskom confirmations.
9. Strengthen Council oversight. Council must receive a monthly MDRP report that is short, direct and evidence based. The report must identify the conditions that passed, the conditions that failed, the reason for each failure, the corrective action and the financial consequence of inaction. Council must approve corrective actions and implementation instructions, not merely note the report.
10. Submit a management response matrix with the next GoMuni pack. The matrix must be signed by the Municipal Manager and CFO and must respond to each non-compliant or materially qualified condition separately. For each item it must set out the root cause, corrective action, amount involved, evidence to be submitted, responsible official and deadline. Without this matrix, the Municipality is likely to continue presenting broad explanations without enforceable accountability.

Conclusion

Sol Plaatje Local Municipality remains under severe financial pressure and its April 2026 MDRP performance does not provide sufficient assurance that the Municipality has restored the discipline required by MFMA Circular No. 124. The corrected April performance result is 31 compliant scored items out of 41, or 75.61 per cent, with a Moderate compliance rating. This result must not be overstated. The Municipality has made some progress in administrative reporting, Eskom monthly CoC scoring and draft budget preparation, but these positives are outweighed by DWS current-account failure, continued Eskom good-standing exposure, arrear instalment pressure, weak collection, non-implementation of water restriction, incomplete cost-reflective tariff-tool compliance and unresolved accounting treatment of the debt relief benefit.



The draft 2026/27 MTREF and draft tariff tool provide an opportunity to correct the recovery path, but they do not remove the April risk. Condition 6.4 is technically positive because the draft MTREF reflects a funded position and a narrow operating surplus. However, that funded position is exposed to collection underperformance, aged debtors and creditor arrears. Condition 6.5 remains non-compliant because the tariff tool requires correction, completion and reconciliation before it can support a full cost-reflective tariff finding. These two conditions must be finalised properly before the adoption of the final budget.

The Municipality must act with urgency. The remaining relief benefit is material and cannot be placed at risk through weak implementation. Council, the Municipal Manager, the CFO and all responsible senior officials must treat this report as an instruction to correct the April 2026 failures. The Municipality must restore creditor discipline, intensify collections, complete the tariff and accounting requirements, implement water restriction controls and maintain a clean evidence trail through GoMuni and Section 71 reporting. Without these actions, National Treasury will have limited grounds to support further relief and the Municipality's recovery path will remain compromised.

It is recommended that National Treasury issue this April 2026 assessment to the Municipality with a requirement that the Municipal Manager and CFO submit a written response to each non-compliant and qualified condition. The response must be supported by auditable evidence and must be tabled before Council as a dedicated Municipal Debt Relief Programme item. The Municipality must demonstrate implementation before the next reporting cycle, not merely provide further explanations.

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: 07/05/2026

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



Annexures (April 2026 Compliance Certificates)

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

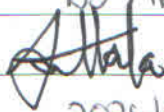
Monthly Performance Report

DRAFT

6.6	Electricity and water as collection tools – In the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies		
6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners, in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? (Note: in terms of the condition the municipality must pro-actively restrict/interrupt the supply of water (e.g. by the means of engineering) to ensure a minimum supply of waste water.	No	
6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s 71 statement must include as part of the narrative the relevant information in the required MT format.</i>	No	
6.7	Minimum average quarterly collection of property rates and service charges		
6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter – demonstrated in the MFMA 6.7.1 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	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:		
6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	not yet the end of a quarter	
6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
6.7.2.3	* the municipality before 15 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	not yet the end of a quarter	
6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	Smart meter project is completed. YTD installations as end of 31 March 2024 = 18 378
6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes	
6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
6.8	Municipality's Completeness of the revenue base		
6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	
6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note – municipalities involved against the active plan to corrective measures to be included as part of the municipality's annual report compliance reporting in the MFMA s 71 statement.</i>	Yes	
6.8.2	- For the latest ending Quarter – Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://gpmisportal.treasury.gov.za ?	Yes	
6.9	Monitor and report on implementation		
6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note – condition 6.9.2 has a tapering four-year rollout path as per 6.9.2.</i>	Yes	
6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP	
6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal (https://gpmisportal.treasury.gov.za)?	No FRP	
6.10	Provincial Treasury's Provincial Treasury's satisfaction of municipal compliance in terms of section 4.1.1 to 4.1.6 of MFMA with effect from 01 April 2023, as reported in the quarterly and annual reports from National Treasury		
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	
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://gpmisportal.treasury.gov.za)? <i>Note – in the case of a non-delegated municipality the National Treasury issues the compliance certificate.</i>	Yes	
6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	

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	
6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
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 arrear Water accounts and partially settled the Eskom current account for April 2026
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 arrear Water accounts and partially settled the Eskom current account for April 2026
6.13	Supporting evidence - Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	
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 interest benefit (e.g. interest suspension, etc.) paid/assigned with interest</i>	No	The municipality must still account for the first third of the debt written off by National Treasury
6.14	NFRSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	Yes	

PT: HOD/ NT / MM Name: BS MATLACA

Signature of HOD/ NT/ MM: 

Date: 2026/06/17

** 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.

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