Msukaligwa Local Municipality

Section 71 Monthly Financial Report

31 DECEMBER 2025

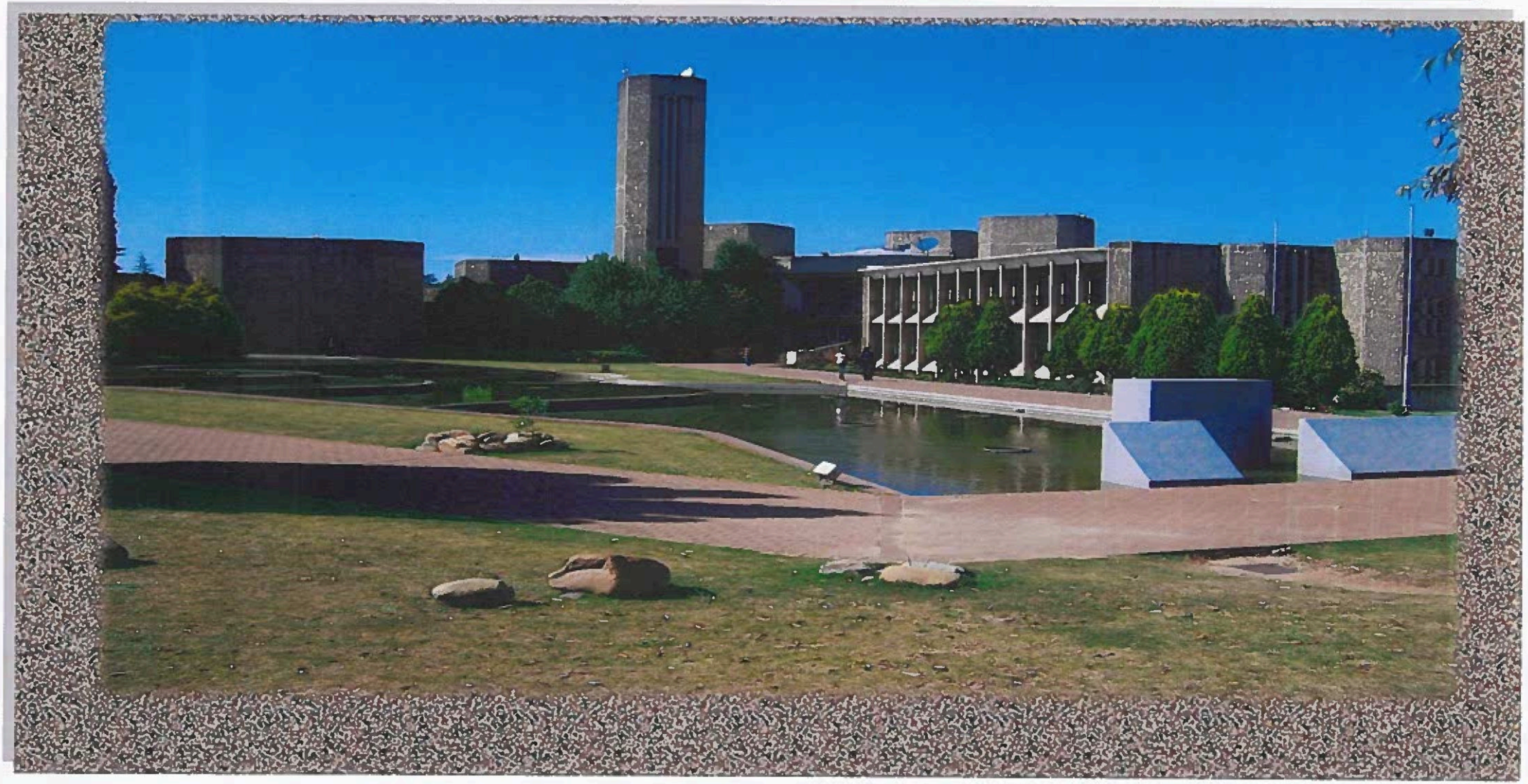


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List of Abbreviations and Acronyms used in the Monthly Budget Statement

AFS – Annual Financial Statements
AGSA - Auditor-General of South Africa
BTO - Budget and Treasury Office
CAPEX – Capital Expenditure
CFO - Chief Financial Officer

PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 DECEMBER 2025
TO: THE EXECUTIVE MAYOR
FROM: THE DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE

MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 DECEMBER 2025.

1. PURPOSE

The purpose of this report is to present a Section 71/52 – M06 – Quarter 2 report of the MFMA by providing a monthly statement on the implementation of the budget and the financial situation for the municipality for the Month/Quarter ending **31 December 2025** for consideration and noting.

2. BACKGROUND

A) In terms of Section 71 of the Municipal Finance Management Act 56 of 2003.

(1). The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on –
  - (i) its share of the local government equitable share; and
  - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) When necessary, an explanation of-
  - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
  - (ii) any material variances from the service delivery and budget implementation plan; and
  - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipalities approved budget.

(2) The statement must include –

- (a) a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- (b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

(4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.

(5) The accounting officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that

month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.

3. EXECUTIVE SUMMARY

Section 71/52 of the Municipal Finance Management Act deals with requirements for a monthly budget and performance assessment report distinctively, of which the objective is finally to report on the financial status of the municipality.

Condition 7.3 - Monitor and report on implementation – Section 71/52 Monthly/Quarterly Reporting and FRP

The municipality assessed the Financial Recovery Plan as at 31 December 2025 and updated progress for each pillar. See below narrative summary.

The municipality is still on the **RESCUE** Phase with a total of 178 key intervention activities were planned across four strategic pillars. As of the latest progress update, 87 activities have been completed, representing 49% of the overall targets, while 91 activities (51%) remain in progress.

Pillar 1: Governance shows steady advancement, with 5 of 23 activities completed and 18 underway, indicating significant ongoing work to strengthen oversight, leadership, and accountability mechanisms.

Pillar 2: Institutional Development has achieved 14 of 32 planned activities, with an equal number (18) still in progress. This demonstrates balanced effort toward capacity building and structural reforms within institutions.

Pillar 3: Financial Management reflects notable progress, having completed 29 of 53 activities, while 24 activities are still being implemented. This suggests active work toward improving financial systems, transparency, and resource management.

Pillar 4: Service Delivery, the largest component, leads in total outputs, with 39 of 70 activities completed and 27 in progress. This highlights significant improvement efforts in frontline services, though substantial work remains to reach full implementation.

Overall, the data indicates that the RESCUE Phase is progressing steadily, with nearly half of the planned interventions already achieved and the remainder at various stages of implementation. Continued focus across all pillars will be essential to sustain momentum and ensure full delivery of the program's objectives.

Description	2025/26	2025/26	YTD Budget	YTD Actual	Difference Month to date	
	Original	Adjustment budget	Budget	Actual	Actual versus budget	Achieved
	R million	R million	R million	R million	R million	%
Revenue	1,326,753	1,326,753	663,377	659,496	(3,881)	-1%
Expenditure	1,382,469	1,382,870	691,234	737,171	(45,936)	-7%
Total (Surplus/Deficit)	**(55,716)**	**(56,116)**	**(27,858)**	**(77,675)**	**(49,817)**	**-7%**

Revenue Performance

- The approved original and adjusted revenue budget for the 2025/26 financial year stands at R1,327 billion.
- The year-to-date revenue budget was projected at R663,377 million, with actual revenue achieved amounting to R659.496 million.
- This results in a negative variance of R3,881 million, which is 1% below the year-to-date budget. Although revenue performance is slightly under budget, it remains largely in line with expectations. While the current variance is not significant, ongoing monitoring will be essential to meet the year-end revenue targets.

Expenditure Performance

- The total original expenditure budget for the financial year amounts to R1,382 billion, with a slight increase to R1,383 billion following the adjustment budget. The year-to-date expenditure budget was R691,234 million, while actual expenditure amounted to R737.171 million.
- This resulted in an unfavorable variance of R45,936 million, equivalent to 7% above the year-to-date budget. The significant overspending indicates that expenditure is occurring at a faster rate than anticipated. This variance represents a key financial risk and requires urgent management attention to identify the underlying causes and implement corrective measures.

Surplus / (Deficit) Position

- The year-to-date budget originally projected a deficit of R27.858 million. However, the actual performance indicates a year-to-date deficit of R77.675 million, resulting in an unfavorable variance of R49.817 million.
- This Significant decline in the deficit is primarily driven by expenditure overruns rather than any significant shortfall in revenue. The higher-than-expected deficit poses a potential threat to the organization's financial stability and may strain cash flow for the remainder of the financial year if not addressed.

In- year Reporting tables

Below is the summary of financial performance, financial position as well as cash and cash equivalent represented by Table C1 below:

MP302 Msukaligwa - Table C1 Monthly Budget Statement Summary - M06 December - Q2									
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	212 918	258 951	258 951	21 114	124 907	129 475	(4 568)	-4%	258 951
Service charges	514 792	608 497	608 497	46 556	291 967	304 248	(12 281)	-4%	608 497
Investment revenue	5 888	5 471	5 471	508	3 309	2 735	574	21%	5 471
Transfers and subsidies - Operational	282 515	294 895	294 895	95 329	214 490	147 448	67 042	0	294 895
Other own revenue	114 536	158 940	158 940	4 447	24 822	79 470	(54 648)	-69%	158 940
Total Revenue (excluding capital transfers and contributions)	**1 130 649**	**1 326 753**	**1 326 753**	**167 954**	**659 496**	**663 376**	**(3 881)**	**-1%**	**1 326 753**
Employee costs	316 301	332 538	332 019	28 561	172 775	166 097	6 678	4%	332 019
Remuneration of Councillors	19 019	20 559	20 559	1 500	7 753	10 280	(2 527)	-25%	20 559
Depreciation and amortisation	135 560	222 514	222 514	18 543	111 257	111 257	–		128 379
Interest	116 791	22 041	22 041	–	–	11 020	(11 020)	-100%	22 041
Inventory consumed and bulk purchases	700 497	577 253	569 784	58 247	355 331	286 846	68 485	24%	569 784
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	342 919	301 698	312 454	25 392	90 054	153 070	(63 016)	-41%	312 454
Total Expenditure	**1 631 087**	**1 476 604**	**1 479 371**	**132 243**	**737 171**	**738 570**	**(1 400)**	**-0%**	**1 385 236**
Surplus/(Deficit)	**(500 438)**	**(149 851)**	**(152 618)**	**35 711**	**(77 675)**	**(75 194)**	**(2 481)**	**3%**	**(58 483)**
Transfers and subsidies - capital (monetary allocations)	241 561	162 093	162 093	–	–	81 046	(81 046)	-100%	162 093
Transfers and subsidies - capital (in-kind)	1 914	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(256 963)**	**12 242**	**9 475**	**35 711**	**(77 675)**	**5 852**	**(83 527)**	**-1427%**	**103 610**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(256 963)**	**12 242**	**9 475**	**35 711**	**(77 675)**	**5 852**	**(83 527)**	**-1427%**	**103 610**
Capital expenditure & funds sources									
Capital expenditure	**78 872**	**162 093**	**247 320**	**22 143**	**102 817**	**117 605**	**(14 789)**	**-13%**	**247 320**
Capital transfers recognised	84 766	162 093	232 382	16 051	91 571	112 144	(20 573)	-18%	232 382
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	(5 894)	–	14 938	6 092	11 246	5 461	5 784	106%	14 938
Total sources of capital funds	**78 872**	**162 093**	**247 320**	**22 143**	**102 817**	**117 605**	**(14 789)**	**-13%**	**247 320**
Financial position									
Total current assets	876 854	1 379 696	1 280 386		1 137 868				1 280 386
Total non current assets	2 922 517	2 967 413	3 052 640		3 025 334				3 052 640
Total current liabilities	2 906 820	2 588 560	2 574 243		3 242 366				2 574 243
Total non current liabilities	76 560	80 163	80 163		76 560				80 163
Community wealth/Equity	**981 019**	**1 674 002**	**1 677 002**		**860 782**				**1 677 002**
Cash flows									
Net cash from (used) operating	390 508	175 941	175 941	235 173	853 631	87 970	(765 661)	-870%	175 941
Net cash from (used) investing	51 160	(162 093)	(162 093)	(22 114)	(102 262)	(81 046)	21 215	-26%	(162 093)
Net cash from (used) financing	449	–	–	–	9	–	(9)	#DIV/0!	–
Cash/cash equivalents at the month/year end	**501 453**	**73 184**	**73 184**	**795 519**	**795 519**	**66 260**	**(729 259)**	**-1101%**	**57 989**
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	109 855	33 047	32 473	30 492	30 183	25 536	137 378	1 251 143	1 650 107
Creditors Age Analysis									
Total Creditors	49 832	66 481	76 919	146 528	77 302	14 371	–	1 971 819	2 403 253

Table C2: Monthly Budget Statement – Financial Performance per functional Classification

MP302 Msukaligwa - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December - Q2										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Functional										
Governance and administration		**556 867**	**658 855**	**658 855**	**118 110**	**348 469**	**329 427**	19 041	6%	**658 855**
Executive and council		316 420	332 928	332 928	95 329	214 490	166 464	48 026	29%	332 928
Finance and administration		240 447	325 927	325 927	22 781	133 979	162 963	(28 985)	-18%	325 927
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**64 679**	**59 779**	**59 779**	**431**	**3 070**	**29 889**	(26 820)	-90%	**59 779**
Community and social services		997	1 217	1 217	64	488	609	(121)	-20%	1 217
Sport and recreation		139	344	344	6	68	172	(104)	-60%	344
Public safety		59 563	54 991	54 991	68	626	27 496	(26 869)	-98%	54 991
Housing		3 980	3 226	3 226	293	1 887	1 613	274	17%	3 226
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**6 155**	**6 532**	**6 532**	**259**	**1 031**	**3 266**	(2 235)	-68%	**6 532**
Planning and development		6 068	6 083	6 083	259	920	3 041	(2 122)	-70%	6 083
Road transport		87	450	450	–	112	225	(113)	-50%	450
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**746 251**	**763 508**	**763 508**	**49 139**	**306 836**	**381 754**	**(74 918)**	-20%	**763 508**
Energy sources		326 118	407 731	407 731	27 060	172 441	203 865	(31 424)	-15%	407 731
Water management		288 500	212 918	212 918	10 721	66 652	106 459	(39 808)	-37%	212 918
Waste water management		68 575	76 200	76 200	6 084	36 385	38 100	(1 714)	-4%	76 200
Waste management		63 058	66 659	66 659	5 273	31 357	33 329	(1 972)	-6%	66 659
Other	4	**172**	**172**	**172**	**16**	**90**	**86**	**4**	**5%**	**172**
Total Revenue - Functional	2	**1 374 124**	**1 488 846**	**1 488 846**	**167 954**	**659 496**	**744 423**	**(84 927)**	**-11%**	**1 488 846**
Expenditure - Functional										
Governance and administration		**279 488**	**267 513**	**276 436**	**27 872**	**123 494**	**135 611**	(12 117)	-9%	**276 436**
Executive and council		87 487	87 563	89 183	6 503	35 000	44 433	(9 433)	-21%	89 183
Finance and administration		192 001	179 951	187 252	21 368	88 494	91 178	(2 684)	-3%	187 252
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**170 393**	**149 161**	**149 176**	**11 718**	**62 525**	**74 586**	(12 061)	-16%	**149 176**
Community and social services		75 060	88 266	88 281	7 422	34 443	44 138	(9 695)	-22%	88 281
Sport and recreation		13 546	22 233	22 233	953	8 407	11 117	(2 710)	-24%	22 233
Public safety		76 007	33 418	33 418	2 844	16 703	16 709	(6)	0%	33 418
Housing		4 808	5 185	5 185	500	2 973	2 593	380	15%	5 185
Health		972	59	59	–	–	29	(29)	-100%	59
Economic and environmental services		**115 552**	**107 226**	**107 264**	**5 189**	**27 437**	**53 626**	(26 189)	-49%	**107 264**
Planning and development		24 355	25 475	25 518	1 956	10 624	12 752	(2 129)	-17%	25 518
Road transport		91 197	81 751	81 746	3 234	16 814	40 874	(24 060)	-59%	81 746
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**1 065 559**	**858 568**	**852 360**	**68 912**	**417 815**	**427 679**	**(9 864)**	-2%	**852 360**
Energy sources		676 655	565 506	563 174	53 525	336 647	282 170	54 477	19%	563 174
Water management		294 200	122 367	117 490	9 838	46 338	59 828	(13 490)	-23%	117 490
Waste water management		31 456	129 610	129 610	2 772	16 221	64 805	(48 584)	-75%	129 610
Waste management		63 248	41 085	42 085	2 778	18 609	20 876	(2 267)	-11%	42 085
Other		**94**	**–**	**–**	**8**	**68**	**–**	**68**	**#DIV/0!**	**–**
Total Expenditure - Functional	3	**1 631 087**	**1 382 469**	**1 385 236**	**131 084**	**737 171**	**691 503**	**45 668**	**7%**	**1 385 236**
Surplus/ (Deficit) for the year		**(256 963)**	**106 377**	**103 610**	**36 869**	**(77 675)**	**(28 127)**	**(49 548)**	**176%**	**103 610**

The Municipality's financial performance per Functional Classification at the end of Quarter 2 reflects:

- **Revenue underperformance of 11%**, with significant risks in trading services.
- **Overall expenditure overspending of 7%**, despite underspending in several non-trading functions.
- A **materially worse deficit position** compared to the budgeted expectation.

4. FINANCIAL PERFORMANCE OVERVIEW

The municipality recorded a deficit of R 36,286 million as at 30 November 2025 on revenue billed and collected.

4.1 Operating Revenue by Source

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December - Q2										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		309 951	391 236	391 236	26 477	169 012	195 618	(26 606)	-14%	391 236
Service charges - Water		91 447	90 618	90 618	9 905	62 133	45 309	16 824	37%	90 618
Service charges - Waste Water Management		60 383	67 901	67 901	5 428	32 533	33 951	(1 418)	-4%	67 901
Service charges - Waste management		53 011	58 742	58 742	4 746	28 289	29 371	(1 082)	-4%	58 742
Sale of Goods and Rendering of Services		6 354	11 224	11 224	485	2 347	5 612	(3 265)	-58%	11 224
Interest earned from Receivables		31 069	38 133	38 133	2 601	14 424	19 067	(4 643)	-24%	38 133
Interest from Current and Non Current Assets		5 888	5 471	5 471	508	3 309	2 735	574	21%	5 471
Rent on Land		2	2	2	0	1	1	(0)	-17%	2
Rental from Fixed Assets		3 462	3 453	3 453	314	1 877	1 727	150	9%	3 453
Licence and permits		48	98	98	7	47	49	(2)	-4%	98
Operational Revenue		3 242	44 333	44 333	102	775	22 166	(21 391)	-97%	44 333
Non-Exchange Revenue								–		
Property rates		212 918	258 951	258 951	21 114	124 907	129 475	(4 568)	-4%	258 951
Surcharges and Taxes								–		
Fines, penalties and forfeits		56 029	49 231	49 231	10	85	24 615	(24 530)	-100%	49 231
Licence and permits		51	–	–	3	37	–	37	100%	–
Transfers and subsidies - Operational		282 515	294 895	294 895	95 329	214 490	147 448	67 042	45%	294 895
Interest		8 855	12 466	12 466	815	4 399	6 233	(1 834)	-29%	12 466
Operational Revenue		1 347	–	–	109	679	–	679	100%	–
Gains on disposal of Assets		2 590	–	–	–	124	–	124	100%	–
Other Gains		1 487	–	–	–	27	–	27	100%	–
Total Revenue (excluding capital transfers and contributions)		**1 130 649**	**1 326 753**	**1 326 753**	**167 954**	**659 496**	**663 376**	**(3 881)**	**-1%**	**1 326 753**

Property Rates

- The original budget for Property Rates for the 2025/26 financial year is R258,951 million. As at 31 December 2025, the Municipality recorded actual monthly revenue of R21, 114 million, leading to YTD actual revenue of R124,907 million against a YTD budget of R129,475 million.
- This is a negative YTD variance of R4,568 million, or 4%, from the year-to-date budget.
- The failure to achieve the property rates revenue target is evidence of the fact that the collections are a bit behind the planned pace for the first six months of the financial year.
- Although the variance is not seen as material at present, this is a sign of difficulties in billing accuracy, collection rates, or payment compliance by ratepayers.
- There's a perfect match between the **General Valuation Roll (GV)** and the **Municipal Financial System (MFS)** as per the reconciliation below — both in property counts and market values.

Property Rates Reconciliation

Province	MP
District	Gert Sibande District
Type	LM
Municipal Name	Msukaligwa
GV Period	01/12/2025 - 31/12/2030
Financial Year	2025-2026
Reconciliation Period	December

Reconciliation Overview

High Level Reconciliation

Propety Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	26225	26225	0	11 246 744 801.00	11 246 744 801.00	-
Industrial	106	106	0	335 790 300.00	335 790 300.00	-
Business and Comme	836	836	0	3 294 053 200.00	3 294 053 200.00	-
Agricultural	2244	2244	0	11 694 035 600.00	11 694 035 600.00	-
Mining	92	92	0	67 270 000.00	67 270 000.00	-
State Owned for Publ	147	147	0	1 307 549 100.00	1 307 549 100.00	-
PSI	688	688	0	123 824 500.00	123 824 500.00	-
PBO	131	131	0	332 211 300.00	332 211 300.00	-
Multi Use	0	0	0	-	-	-
Vacant	3355	3355	0	534 646 020.00	534 646 020.00	-
POW	2	2	0	94 700 000.00	94 700 000.00	-
Municipal	0	0	0	-	-	-
Other	0	0	0	-	-	-
	33826	33826	0	29 030 824 821.00	29 030 824 821.00	-

Detailed Reconciliation

Propety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	7 104 088	7 104 088	0	21 312 262.71	21 312 262.59	0.12
Industrial	764 693	764 689	4	2 294 078.58	2 294 066.58	12.00
Business and Comme	7 518 788	7 518 789	- 1	22 556 364.79	22 556 367.63	- 2.84
Agricultural	2 404 383	2 404 383	- 0	7 213 149.22	7 213 150.20	- 0.97
Mining	153 725	153 725	- 0	461 174.20	461 175.51	- 1.31
State Owned for Publ	2 664 203	2 664 205	- 1	7 992 610.01	7 992 614.39	- 4.38
PSI	24 940	24 940	0	74 818.55	74 818.53	0.02
PBO	4 171	4 171	0	12 514.27	12 513.96	0.31
Multi Use	-	-	-	-	-	-
Vacant	768 031	768 031	- 0	2 304 092.57	2 304 092.57	- 0.00
POW	9 669	9 669	- 0	29 006.98	29 007.00	- 0.02
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R21 416 690.63	R21 416 689.66	R0.98	64 250 071.90	64 250 068.97	2.93

Prepared By	Nomusa Zulu	Date	2025/12/31
	Contatct Details		
Signature			
Reviewed By	Ntombifuthi Mkhaliphi	Date	2026/01/05
	Contatct Details		
Signature			

Electricity

Description	Original Budget 2025/26	Monthly Budget	Actual billed or received M04 (October)	Actual billed or received M05 (November)	Difference (Budget vs Actual)	Variance based on pro rata budget
	R	R	R	R	R	%
Conventional	273 865 007.50	22 822 083.96	19 524 065.44	19 148 533.13	3 673 550.83	16%
Prepaid sales	117 370 717.50	9 780 893.13	8 367 456.62	8 206 514.20	1 574 378.93	16%
Total	**391 235 725.00**	**32 602 977.08**	**27 891 522.06**	**27 355 047.33**	**5 247 929.75**	**16%**

Budget vs Actual Performance

- The approved original electricity revenue budget for the 2025/26 financial year amounts to **R391,236 million**, translating to a **Quarter 2 pro-rata budget of R9,809 million**.
- Actual electricity revenue billed or received during Quarter 2 totalled R81.723 million, resulting in a shortfall of R16.086 million, equivalent to 16% below the pro-rata quarterly budget.

Conventional Electricity Sales

- The annual budget for conventional electricity sales amounts to R273,865 million, with a Quarter 2 budget of R68,466 million. Actual revenue billed or received for the quarter amounted to R57,206 million, resulting in an unfavourable variance of R11,260 million (16%).

Monthly performance for conventional electricity sales was as follows:

- **October:** R19,524 million
- **November:** R19,149 million
- **December:** R18,534 million

The declining monthly trend suggests reduced consumption levels, affordability constraints, or collection challenges within the conventional customer base.

Prepaid Electricity Sales

- The annual budget for prepaid electricity sales amounts to **R117,371 million**, with a Quarter 2 budget of **R29,343 million**. Actual prepaid sales for the quarter amounted to **R24,517 million**, resulting in an **unfavourable variance of R4,826 million (16%)**.

Monthly prepaid electricity sales were recorded as follows:

- **October:** R8.367 million
- **November:** R8.207 million
- **December:** R7.943 million

The downward trend across the quarter indicates lower prepaid purchasing activity, which may be influenced by seasonal factors or household affordability pressures.

Water Management

- The budget for water service charges for the 2025/26 financial year amounts to R90,618 million. For the month of December 2025, actual revenue of R9,905 million was realised.

- As at the end of Quarter 2, year-to-date actual water revenue amounted to R62,133 million, compared to a year-to-date budget of R45,309 million. This resulted in a favourable variance of R16,824 million, representing 37% above the year-to-date budget.

- The favourable variance indicates stronger-than-anticipated revenue performance in water service charges during the first half of the financial year. This may be attributable to improved billing accuracy, increased consumption, recovery of prior-period arrears, or enhanced revenue collection efforts.

- *While the positive variance strengthens the Municipality's short-term cash position, management should assess whether the performance is sustainable or influenced by once-off factors to ensure realistic forecasting for the remainder of the financial year.*

Waste water Management

- The budget for Wastewater management service charges for the 2025/26 financial year amounts to R67,901 million. For the month of December 2025, actual revenue of R5,428 million was realised.

- As at the end of Quarter 2, year-to-date actual revenue amounted to R32,533 million, compared to a year-to-date budget of R33,951 million. This resulted in an unfavourable variance of R1,418 million, representing 4% below the year-to-date budget.

- The slight underperformance in wastewater management revenue indicates that collections are slightly below the planned return for the first half of the financial year. The variance is not considered material at this stage and may be attributed to timing differences in billing or collections.

Waste Management

- The adjusted budget for waste management service charges totals R58,742 million. Year-to-date actual revenue amounted to R2,289 million, compared to a YTD budget of R29,371 million.

- This resulted in an unfavourable variance of R1,082 million, equivalent to 4% below the year-to-date budget. The variance is not considered material at this stage and reflects marginal under-collection.

Rental of Facilities

- In November 2025, facility rentals brought in R 337 thousand, which has decreases to R 314 thousand in December 2025. The year to date revenue amounted to R 1,877 million which is 9% more than the budget projection of R1,727 million.

Total Interest earned on Positive bank balances amounts to R 508,057.60 made up of the following banks;

DECEMBER BANK INTEREST	
BANK ACCOUNT TYPE	**INTEREST**
CALL ACCOUNT	439,469.85
LICENSING ACCOUNT	13,753.11
PRIMARY ACCOUNT	36,063.71
TRADING SERVICES ACCOUNT	18,770.93
	508,057.60

Interest earned - outstanding debtors

- Interest from outstanding debtors as of 31 December has shown a significat increase to R7,111 miliion from an amount of R2,539 million that was reported in November 2025, the increase results from the increased debtor's book due to non-payment.

Fines, Penalties and Forfeits

Cash generated from traffic fines issued for the quarter ending 31 December 2025 amounted to R 85 thousand.

Licence and permits

Revenue generated for licenses and permits amounted to R37 thousand as at 31 December 2025.

4.2 Operating Expenditure by Source

The year-to-date Total expenditure amounts to R 737,171 million which is 7% more than the projected budget.

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December - Q2

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		316 301	332 538	332 019	28 561	172 775	166 097	6 678	4%	332 019
Remuneration of councillors		19 019	20 559	20 559	1 500	7 753	10 280	(2 527)	-25%	20 559
Bulk purchases - electricity		486 097	460 250	460 250	44 274	300 610	230 125	70 485	31%	460 250
Inventory consumed		214 399	117 003	109 534	13 973	54 721	56 721	(2 000)	-4%	109 534
Debt impairment		146 681	94 135	94 135	7 845	47 067	47 067	(0)	0%	94 135
Depreciation and amortisation		135 560	128 379	128 379	10 698	64 190	64 190	(0)	0%	128 379
Interest		116 791	22 041	22 041	–	–	11 020	(11 020)	-100%	22 041
Contracted services		119 103	124 809	127 792	16 154	50 317	63 121	(12 804)	-20%	127 792
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		11	552	552	3	27	276	(249)	-90%	552
Operational costs		72 011	82 202	89 974	8 076	39 706	42 605	(2 899)	-7%	89 974
Losses on Disposal of Assets		4 875	–	–	–	–	–	–		–
Other Losses		238	–	–	–	4	–	4	#DIV/0!	–
Total Expenditure		**1 631 087**	**1 382 469**	**1 385 236**	**131 084**	**737 171**	**691 503**	**45 668**	**7%**	**1 385 236**

Employee related costs and Councillors Allowances

Employee-related costs for November 2025 totaled R27,429 million, and Increased to R28,561 million in December 2025 exceeding the projected budget by 2% (R27,688 million). Councillors' remuneration for November 2025 was R1,526 million,and slightly decreased to R1,500 million in December 2025, this is slightly above the projected budget of R1,713 million.

Debt impairment

- Actual expenditures are consistent with the anticipated collection rate of 75%. Furthermore, the municipality is implementing revenue enhancement strategies to recover outstanding receivables..

- Debt impairment is recognized when and if it is anticipated that cash flows generated by those assets will be insufficient to enable adherence to the financial commitment associated with debt issuance.

- Such determination is made on the basis of three aspects: whether cash flow from operations is projected to be fully applied to servicing debt and whether the commencement of that cash flow is appropriately timed; the timing of maturing principal repayments; and the funding sources (if any) that are being considered to address liquidity shortfalls as they arise.

Depreciation & asset impairment

The actuals expenditure is as per the projected estimate.

Finance charges

Interest is accruing on both Eskom and DWS debts. Nevertheless, the municipality is actively engaging in debt relief initiatives related to these entities to help reduce the overall debt burden.

Bulk purchases – electricity

Amount of R 44 645 934.98 billed in December 2025, amount of R 41 027 246.47 was paid towards Ermelo account for the month of December 2025

Below is the summary of the outstanding amount on Eskom account.

PERIOD	BALANCE	CURRENT BILLING	ADJUSTMENT	PAYAMENT	TOTAL OUTSTANDING
OPENING BALANCE	R 886,281,031				
Jul-25	R 886,281,031	73,901,496.05	-	62,498,119.48	897,684,407.97
Aug-25	R 897,684,408	73,771,709.94	- 2,425,358.32	5,773,327.46	963,257,432.13
Sep-25	R 963,257,432	53,386,137.63	-	-	1,016,643,569.76
Oct-25	R 1,016,643,570	46,202,265.01	51,150.00	9,098,535.28	1,053,798,449.49
Nov-25	R 1,053,798,449	42,844,492.89	-	957,710.28	1,095,685,232.10
Dec-25	R 1,095,685,232	44,645,934.98	-	41,027,246.47	1,099,303,920.61
Jan-26					

Bulk Purchases Water

No invoices were paid in the month ending 31 December 2025.
Total debt in Quarter ending December 2025 amount to **R 1,257,808,992.81**

DWAF ACCOUNTS MOVEMENTS FOR THE YEAR AS PER INVOICES								
ACCOUNTS	opening balance	Amount Excl	VAT Amount	Interest	payments	Adjustment	Creditor	Statement Balance
20029265 NRWI	496,490,053.53	-	-	-	-	-	496,490,053.53	496,490,053.53
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198,876.96	-	-	-	-	-	198,876.96	198,876.96
20028765 CMA	100,885.98	25,916.67	-	4,845.93	-	-	131,648.58	131,648.58
20031984 NRWI	41,908,198.74	- 54,593,275.93	-	-	-	-	- 12,685,077.19	- 12,685,077.19
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336,243,385.67	-	-	-	-	-	336,243,385.67	336,243,385.67
20033982CMA	-	-	-	-	-	-	-	-
20037906 NWRI	111,607.71	3,441.60	-	4,998.32	-	-	120,047.63	120,047.13
20037906 CMA	-	-	-	-	-	-	-	-
21070010 NWRI	1,554,885.56	-	-	-	-	-	1,554,885.56	1,554,885.56
21070010 CMA	726.35	186.60	-	34.96	-	-	947.91	947.91
20014912 NRWI	139,334,230.26	-	-	-	-	-	139,334,230.26	139,334,230.26
20014912 CMA	24,356.99	- 3,343.25	-	1,009.99	-	-	22,023.73	22,023.73
20056412 NWRI	18,558,912.46	1,174,072.00	175,141.20	-	-	-	19,908,125.66	19,908,125.66
20056412 CMA	3,732.00	2,488.00	-	167.64	-	-	6,387.64	6,387.64
20059491 NRWI	104,074,973.83	10,657,416.00	1,575,254.74	4,768,367.65	-	- 4,768,367.65	116,307,644.57	116,307,644.57
20059491 CMA	233,313.02	59,935.92	-	11,206.74	-	- 11,206.74	293,248.94	293,248.94
20059482 NRWI	141,998,117.60	15,423,710.48	2,300,819.00	6,572,360.14	-	- 6,572,360.14	159,722,647.08	159,722,647.09
20059482 CMA	127,232.05	32,684.70	-	6,111.41	-	- 6,111.41	159,916.75	159,916.77
TOTAL DWS	1,280,963,488.71	- 27,216,767.21	4,051,214.94	11,369,102.78	-	- 11,358,045.94	1,257,808,993.28	1,257,808,992.81

Inventory consumed

- Actuals expenditure is equal to the projected budget amount as at 31 December 2025..

Contracted services

- Payments to contracted services are within normal limits and are 50% lower than the budgeted amount. The municipality has enhanced its internal systems by insourcing various activities, including the preparation of Annual Financial Statements.

Other expenditures

- Payments made on other expenditures are within the budgeted projection for the month ending 31 December 2025.

4.3 Capital Expenditure

MP302 Msukaligwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Capital Expenditure - Functional Classification										
Governance and administration		–	–	14 938	6 092	11 246	5 461	5 784	106%	14 938
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		–	–	14 938	6 092	11 246	5 461	5 784	106%	14 938
Internal audit								–		
Community and public safety		(6 411)	–	–	–	–	–	–		–
Community and social services		(6 411)	–	–	–	–	–	–		–
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing								–		
Health		–	–	–	–	–	–	–		–
Economic and environmental services		20 534	22 270	31 410	3 591	17 478	15 290	2 189	14%	31 410
Planning and development		20 534	22 270	31 410	3 591	17 478	15 290	2 189	14%	31 410
Road transport		–	–	–	–	–	–	–		–
Environmental protection								–		
Trading services		64 750	139 823	200 971	12 460	74 092	96 854	(22 762)	-24%	200 971
Energy sources		647	6 691	10 691	448	4 983	4 946	38	1%	10 691
Water management		22 425	16 976	69 976	5 379	35 022	33 238	1 784	5%	69 976
Waste water management		41 677	114 239	118 387	6 633	34 087	57 712	(23 625)	-41%	118 387
Waste management		–	1 917	1 917	–	–	959	(959)	-100%	1 917
Other								–		
Total Capital Expenditure - Functional Cl	3	78 872	162 093	247 320	22 143	102 817	117 605	(14 789)	-13%	247 320
Funded by:										
National Government		80 106	162 093	223 241	15 131	85 723	107 989	(22 266)	-21%	223 241
Provincial Government		4 660	–	9 141	920	5 848	4 155	1 693	41%	9 141
District Municipality								–		
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		84 766	162 093	232 382	16 051	91 571	112 144	(20 573)	-18%	232 382
Borrowing	6							–		
Internally generated funds		(5 894)	–	14 938	6 092	11 246	5 461	5 784	106%	14 938
Total Capital Funding		78 872	162 093	247 320	22 143	102 817	117 605	(14 789)	-13%	247 320

Capital expenditure incurred through internally funded for the month ending 31 December 2025 amounted to R11,216 million.

4.4 Cash Flows

Bank Balances as at 31 December 2025

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		63,803	201,982	201,982	15,210	85,613	100,991	(15,378)	-15%	201,982
Service charges		145,751	550,876	550,876	40,231	239,358	275,438	(36,080)	-13%	550,876
Other revenue		209,402	118,896	118,896	183,641	431,121	59,448	371,673	625%	118,896
Transfers and Subsidies - Operational		113,854	297,769	297,769	96,198	267,920	148,885	119,035	80%	297,769
Transfers and Subsidies - Capital		32,381	162,093	162,093	8,538	94,539	81,046	13,493	17%	162,093
Interest		4,393	34,103	34,103	916	6,700	17,052	(10,351)	-61%	34,103
Dividends								–		
Payments										
Suppliers and employees		(179,077)	(1,159,402)	(1,159,402)	(794,705)	(956,763)	(579,701)	377,062	-65%	(1,159,402)
Interest		–	(30,376)	(30,376)	–	–	(15,188)	(15,188)	100%	(30,376)
Transfers and Subsidies								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		390,508	175,941	175,941	(449,971)	168,487	87,970	(80,517)	-92%	175,941
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2,472	0	0	–	124	0	124	8299392%	0
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		48,688	(162,093)	(162,093)	(22,114)	(102,386)	(81,046)	21,340	-26%	(162,093)
NET CASH FROM/(USED) INVESTING ACTIVITIES		51,160	(162,093)	(162,093)	(22,114)	(102,262)	(81,046)	21,215	-26%	(162,093)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing		450	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		(1)	–	–	–	9	–	9	#DIV/0!	–
Payments										
Repayment of borrowing								–		
NET CASH FROM/(USED) FINANCING ACTIVITIES		449	–	–	–	9	–	(9)	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		442,117	13,848	13,848	(472,085)	66,235	6,924			13,848
Cash/cash equivalents at beginning:		59,336	59,336	59,336	582,460	44,141	59,336			44,141
Cash/cash equivalents at month/year end:		501,453	73,184	73,184	110,375	110,375	66,260			57,989

- Cash and Cash Equivalents for the month ending 31 December 2025 amounted to a total of **R 110,375 million**, see the above breakdown.

5. Debtors age analysis

MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description		Budget Year 2025/26											
R thousands	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	23 836	8 409	8 721	7 424	7 197	5 722	30 323	234 714	326 346	285 380	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	28 697	4 948	4 539	4 066	4 346	4 353	21 343	154 427	226 719	188 535	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	29 014	9 009	8 268	8 129	8 027	5 693	29 702	172 220	270 064	223 772	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	10 061	3 748	3 625	3 507	3 508	3 053	17 598	160 667	205 766	188 332	–	–
Receivables from Exchange Transactions - Waste Management	1600	8 734	3 332	3 266	3 139	3 143	2 945	16 935	160 127	201 623	186 290	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	7 111	3 334	3 259	3 154	3 113	3 477	19 908	305 404	348 759	335 055	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	2 402	267	795	1 073	849	292	1 569	63 584	70 831	67 367	–	–
Total By Income Source	**2000**	**109 855**	**33 047**	**32 473**	**30 492**	**30 183**	**25 536**	**137 378**	**1 251 143**	**1 650 107**	**1 474 732**	**–**	**–**
2024/25 - totals only		94 499	28 333	29 415	26 637	24 781	22 935	127 648	1 082 952	1 437 197	1 284 950	0	0
Debtors Age Analysis By Customer Group													
Organs of State	2200	15 023	4 440	4 490	4 290	4 596	3 620	14 618	58 376	109 453	85 500	–	–
Commercial	2300	33 858	6 722	5 654	5 427	5 138	4 622	24 003	212 395	297 818	251 585	–	–
Households	2400	58 349	21 015	21 476	19 936	19 647	16 565	95 037	947 646	1 199 670	1 098 831	–	–
Other	2500	2 625	870	853	839	802	729	3 720	32 726	43 165	38 816	–	–
Total By Customer Group	**2600**	**109 855**	**33 047**	**32 473**	**30 492**	**30 183**	**25 536**	**137 378**	**1 251 143**	**1 650 107**	**1 474 732**	**–**	**–**

- The Municipal Debt book amounted to R1,605,640 billion October 2025, and R1,631,547 billion November 2025 and R1,650,107 billion in December
- The municipality has implemented Credit Control report on electricity cut-off for the month ending 31 December 2025 in terms of Section 64 of the Municipal Finance Management Act, Act 56 of 2003 read with Section 95 of the Municipal Systems Act of 2000;
- The collection rate on the cut-off percentage for December 2025
- The municipality has implemented the BLOCKED METERS. Indigent and non-indigent consumers in this category are slow payers hence their consumer accounts have reached an unacceptable level inconsistent with the new Credit Control and Debt Collection Policy.
- On prepaid electricity sales the Municipality has realized an amount of R 3,155 million on the 75/25% principle

5.1 Conventional Meters

5.1.1 Cut-Offs

Towns	Number of Consumers	Cut-Off Amount	Payments	Payment %
Ermelo	82	R 1 374 421.74	R 1 167 867.19	85%
Wesselton	9	R 23 094.99	R 7 308.39	32%
Breyten/Kwazanele	6	R 18 714.57	R 25 002.93	134%
TOTAL	**97**	**R 1 416 231.30**	**R 1 200 178.51**	**85%**

A total of **97 customers** were affected by service cut-offs during the reporting period. The **total cut-off amount** was **R 1 416 231.30**, with **payments received** amounting to **R1 200 178.51**, representing an **overall recovery rate of 85%**.

5.1.2. Pre-Paid Meters

Towns	Number of Consumers	Cut-Off Amount	Payments	Payment %
De Bruin Park	68	R 6 439 853.87	R 963 807.53	15%
TOTAL	**68**	**R 6 439 853.87**	**R 963 807.53**	**15%**

A total of 68 pre-paid meter consumers were included in the follow-up process during the reporting period, with a total outstanding (cut-off) amount of R6 439 853.87 million. Payments received amounted to R963 807.53 resulting in an overall recovery rate of 15%.

This indicates a **significant underperformance** in collections from pre-paid meter accounts across all affected areas, particularly in **De Bruin Park**, where recovery was limited **to 15%.** The low payment levels suggest possible technical issues with pre-paid meter functionality, ineffective communication to consumers, or delays in implementing disconnections. **Focused interventions and enhanced monitoring are recommended to improve recovery levels in the coming months.**

- **90 Days Zero Sale**

This category comprises **indigent and non-indigent consumers** who have **not made any electricity purchases**—either through the **internet, third-party vendors, or municipal offices**—for a **consecutive period of three (3) months**.

The **total number of debtors** in this category is **6,957.**

This trend indicates a potential **non-usage or bypassing of the prepaid electricity system**, which warrants further investigation to determine whether meters are faulty, tampered with, or if consumers are accessing alternative electricity sources.

- **Zero Sale since connection**

This category includes indigent and non-indigent consumers who have never made any electricity purchases—neither online, through third-party vendors, nor at municipal offices—since the installation of their prepaid meters. The period exceeds three (3) consecutive months, extending up to the date of data extraction from the attached report.

The total number of debtors in this category is **94**

This situation highlights a serious concern regarding non-activation of newly installed prepaid meters, which may stem from technical faults, illegal connections, or lack of consumer registration. Urgent verification of these connections is recommended.

- **Blocked pre-paid meters for tempering or amounts in excess of R3000.00**

This category refers to indigent and non-indigent consumers who are slow payers, purchasing electricity through online platforms, third-party vendors, or municipal offices, but whose accounts have accumulated arrears exceeding R3,000.00. These accounts have been blocked due to tampering or because their debt levels contravene the provisions of the new Credit Control and Debt Collection Policy.

The total number of debtors in this category is **7.**

This category requires targeted follow-up and enforcement, including physical verification of meters, debt recovery actions, and possible legal intervention where tampering is confirmed.

5.1.3 Tempers

Towns	Number of Debtors	Amount Levied for Tempers	Payments	Payment %
Ermelo	4	R 61 385.85	R 12 277.40	20%
Wesselton	3	R 36 832.20	R 0.00	0%
Breyten/Kwazanele	0	R 0.00	R 0.00	0%
Davel/Kwadela	0	R 0.00	R 0.00	0%
Lothair/Silindile	0	R 0.00	R 0.00	0%
TOTAL	**7**	**R 98 218.05**	**R 12 277.40**	**13%**

A total of nine (7) electricity tempering incidents were identified across the reporting period, with a total amount levied of R 98,218.05. Only R12,277.40 was recovered, representing a 13% payment rate.

The highest incidence and recovery were recorded in Ermelo, while Wesselton and Breyten/Kwazanele showed no payment activity despite levied charges. Davel/Kwadela and Lothair/Silindile reported no recorded tempering cases during this period.

Electricity theft continues to erode municipal revenue and compromise service delivery. Strengthened law enforcement collaboration, on-site inspections, and public awareness campaigns are recommended to curb these illegal activities and improve recovery of levied amounts.

5.1.4 The below attached shows the summary of collection by the debt collectors since inception, this amounts to **R 128 523 984,84**

	Quantity	Amount
Whole Book	17645	R939 452 519,34
Collected	6496	R128 523 984,84
Percentage of Debt Collected		13,68%
By Category		
Residential	4262	R33 081 009,87
Commercial	1859	R67 728 540,02
Other	153	R17 212 874,32
Government Associated Entity	222	R10 501 560,63
	6474	**R128 523 984,84**

- The **overall collection rate** from the total debt book is **13.68%**, indicating a **low recovery performance**.
- **Commercial accounts** contributed the **largest share of collections**, followed by **residential**, **other**, and **government-associated entities**.
- The **low collection percentage** highlights the need for **strengthened credit control measures**, **targeted follow-up**, and **enhanced debt recovery strategies** across all consumer categories.

6. Creditors age analysis

MP302 Msukaligwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	46 195	53 386	74 149	73 901	7 725	14 371	–	832 307	1 102 034	620 741
Bulk Water	0200	–	11 684	–	71 868	69 577	–	–	1 139 512	1 292 642	1 283 325
PAYE deductions	0300									–	
VAT (output less input)	0400									–	
Pensions / Retirement deductions	0500									–	
Loan repayments	0600									–	
Trade Creditors	0700	3 637	1 411	2 771	758	–	–	–	–	8 577	9 415
Auditor General	0800									–	
Other	0900									–	
Medical Aid deductions	0950									–	
Total By Customer Type	1000	49 832	66 481	76 919	146 528	77 302	14 371	–	1 971 819	2 403 253	1 913 481

- The total amount owed to creditors as per the age analysis at 31 December 2025 amounts to R2,403 billion with top creditors being DWS, Eskom and Khaneno Trading.

Eskom Debt

An amount owed in a Month ending **December 2025** amounted to **R 1 099,303,920.61 billion.**

PERIOD	BALANCE	CURRENT BILLING	ADJUSTMENT	PAYAMENT	TOTAL OUTSTANDING
OPENING BALANCE	R 886,281,031				
Jul-25	R 886,281,031	73,901,496.05	-	62,498,119.48	897,684,407.97
Aug-25	R 897,684,408	73,771,709.94	- 2,425,358.32	5,773,327.46	963,257,432.13
Sep-25	R 963,257,432	53,386,137.63	-	-	1,016,643,569.76
Oct-25	R 1,016,643,570	46,202,265.01	51,150.00	9,098,535.28	1,053,798,449.49
Nov-25	R 1,053,798,449	42,844,492.89	-	957,710.28	1,095,685,232.10
Dec-25	R 1,095,685,232	44,645,934.98	-	41,027,246.47	1,099,303,920.61
Jan-26					

DWS Debt

As at 31 December 2025, the municipality owes Department of Water and Sanitation an amount of **R 1 257 808 992.81**

DWAF ACCOUNTS MOVEMENTS FOR THE YEAR AS PER INVOICES

ACCOUNT $	opening balance	Amount Excl	VAT Amount	Interest	payments	Adjustment	Creditor	Statement Balance
20029265 NRWI	496,490,053.53	-	-	-	-	-	496,490,053.53	496,490,053.53
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198,876.96	-	-	-	-	-	198,876.96	198,876.96
20028765 CMA	100,885.98	25,916.67	-	4,845.93	-	-	131,648.58	131,648.58
20031984 NRWI	41,908,198.74	- 54,593,275.93	-	-	-	-	- 12,685,077.19	- 12,685,077.19
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336,243,385.67	-	-	-	-	-	336,243,385.67	336,243,385.67
20033982CMA	-	-	-	-	-	-	-	-
20037906 NWRI	111,607.71	3,441.60	-	4,998.32	-	-	120,047.63	120,047.13
20037906 CMA	-	-	-	-	-	-	-	-
21070010 NWRI	1,554,885.56	-	-	-	-	-	1,554,885.56	1,554,885.56
21070010 CMA	726.35	186.60	-	34.96	-	-	947.91	947.91
20014912 NRWI	139,334,230.26	-	-	-	-	-	139,334,230.26	139,334,230.26
20014912 CMA	24,356.99	- 3,343.25	-	1,009.99	-	-	22,023.73	22,023.73
20056412 NWRI	18,558,912.46	1,174,072.00	175,141.20	-	-	-	19,908,125.66	19,908,125.66
20056412 CMA	3,732.00	2,488.00	-	167.64	-	-	6,387.64	6,387.64
20059491 NRWI	104,074,973.83	10,657,416.00	1,575,254.74	4,768,367.65	-	- 4,768,367.65	116,307,644.57	116,307,644.57
20059491 CMA	233,313.02	59,936.92	-	11,206.74	-	- 11,206.74	293,248.94	293,248.94
20059482 NRWI	141,998,117.60	15,423,710.48	2,300,819.00	6,572,360.14	-	- 6,572,360.14	159,722,647.08	159,722,647.09
20059482 CMA	127,232.05	32,684.70	-	6,111.41	-	- 6,111.41	159,916.75	159,916.77
TOTAL DWS	1,280,963,488.71	- 27,216,767.21	4,051,214.94	11,369,102.78	-	- 11,358,045.94	1,257,808,993.28	1,257,808,992.81

7. Table C6 – Statement of Financial Position

MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position - M06 December

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		44 141	64 812	(34 498)	113 330	(34 498)
Trade and other receivables from exchange trans		318 067	434 583	434 583	408 711	434 583
Receivables from non-exchange transactions		111 154	113 341	113 341	138 394	113 341
Current portion of non-current receivables		–	–	–	–	–
Inventory		19 334	31 775	31 775	27 650	31 775
VAT		377 017	726 743	726 743	439 503	726 743
Other current assets		7 142	8 442	8 442	10 280	8 442
Total current assets		**876 854**	**1 379 696**	**1 280 386**	**1 137 868**	**1 280 386**
Non current assets						
Investments		–	–	–	–	–
Investment property		171 759	164 639	164 639	171 759	164 639
Property, plant and equipment		2 750 578	2 802 589	2 887 816	2 853 395	2 887 816
Biological assets						
Living and non-living resources						
Heritage assets		175	175	175	175	175
Intangible assets		5	11	11	5	11
Trade and other receivables from exchange trans		–	–	–	–	–
Non-current receivables from non-exchange trans		–	–	–	–	–
Other non-current assets						
Total non current assets		**2 922 517**	**2 967 413**	**3 052 640**	**3 025 334**	**3 052 640**
TOTAL ASSETS		**3 799 371**	**4 347 110**	**4 333 026**	**4 163 201**	**4 333 026**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		23 883	21 660	21 660	24 288	21 660
Trade and other payables from exchange transac		2 312 231	1 909 497	1 895 180	2 454 847	1 895 180
Trade and other payables from non-exchange tra		10 914	159 832	159 832	158 882	159 832
Provision		75 611	70 946	70 946	76 255	70 946
VAT		484 181	426 625	426 625	528 094	426 625
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 906 820**	**2 588 560**	**2 574 243**	**3 242 366**	**2 574 243**
Non current liabilities						
Financial liabilities		4 523	2 646	2 646	4 523	2 646
Provision		72 037	77 518	77 518	72 037	77 518
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		**76 560**	**80 163**	**80 163**	**76 560**	**80 163**
TOTAL LIABILITIES		**2 983 380**	**2 668 723**	**2 654 407**	**3 318 926**	**2 654 407**
NET ASSETS	2	**815 991**	**1 678 387**	**1 678 620**	**844 275**	**1 678 620**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		981 019	1 674 002	1 677 002	860 782	1 677 002
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**981 019**	**1 674 002**	**1 677 002**	**860 782**	**1 677 002**

8. Investment Portfolio analysis

MP302 Msukaligwa - Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M06 December

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
R thousands		Yrs/Months												
Municipality														–
Municipality sub-total										–	–	–	–	–
Entities														–
														–
														–
														–
														–
														–
														–
Entities sub-total										–	–	–	–	–
TOTAL INVEST	2									–	–	–	–	–

The municipality does not have long-term investments

9. Allocation and Grant Receipts

The Municipality received the following grants during the month ending 31 December 2025; MIG, INEP, EQUITABLE SHARE AND EPWP See table below.

Grants received 2025-26								
	Votes	Jul-25	Aug-25	Sep-25	Oct-24	Nov-25	Dec-25	Received to date
MIG	3704761022OZZZZZZZWM	35 451 000.00			14 340 000.00		8 000 000.00	57 791 000.00
RBIG	3104763072OZZZZZZZWM		15 000 000.00			30 000 000.00	-	45 000 000.00
EEDSM	3201763012OZZZZZZZWM		1 600 000.00			800 000.00	-	2 400 000.00
MDRG	3501761132OZZZZZZZWM						-	-
WSIG	3112761092OZZZZZZZWM	15 000 000.00			20 000 000.00		-	35 000 000.00
INEP	3201761012OZZZZZZZWM	1 210 000.00					538 000.00	1 748 000.00
TOTAL CAPITAL		**51 661 000.00**	**16 600 000.00**	**-**	**34 340 000.00**	**30 800 000.00**	**8 538 000.00**	**141 939 000.00**
LGSETA	3704763092OZZZZZZZWM	740 519.72			137 029.26			877 548.98
EPWP	3606763022OZZZZZZZWM		483 000.00				869 000.00	1 352 000.00
Equitable share	360611791000EQZZZZZHC	119 161 000.00					95 329 000.00	214 490 000.00
FMG	3704763042OZZZZZZZWM		3 800 000.00				-	3 800 000.00
Total Operational		**119 901 519.72**	**4 283 000.00**	**-**	**-**	**-**	**96 198 000.00**	**220 382 519.72**
Total grant receipts		**171 562 519.72**	**20 883 000.00**	**-**	**34 340 000.00**	**30 800 000.00**	**104 736 000.00**	**362 321 519.72**

Total Grants Received to Date (December 2025): R 362,321,519.72

- Capital Grants: R141,939 million.
- Operational Grants: R220,382 million.

Grants received in December 2025

- MIG R 8 million
- INEP R 538 thousand
- EPWP R 869 thousand
- Equitable Share R 95 million

10. Remuneration of Councilor section 56/57 and Officials

EMPLOYEE COST FINANCIAL IMPLICATION

- The expense in salaries amounts to **R 30,060 million** for the month ending 31 December 2025,
- Total salary cost in respect of the month ending 31 December 2025 is summarized per salary company as in the table below:

MP302 Msukaligwa - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

y of Employee and Councillor remu R thousands	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
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4 414	4 122	4 122	348	697	2 061	(1 365)	-66%	4 122
Pension and UIF Contributions		1 914	1 915	1 915	148	903	957	(54)	-6%	1 915
Medical Aid Contributions		178	346	346	19	116	173	(57)	-33%	346
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		1 607	2 019	2 019	133	817	1 010	(193)	-19%	2 019
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		10 905	12 157	12 157	851	5 220	6 078	(858)	-14%	12 157
Sub Total - Councillors		**19 019**	**20 559**	**20 559**	**1 500**	**7 753**	**10 280**	**(2 527)**	**-25%**	**20 559**
% increase	4		**8.1%**	**8.1%**						**8.1%**
Senior Managers of the Municipali	3									
Basic Salaries and Wages		6 131	6 828	6 828	338	2 024	3 414	(1 390)	-41%	6 828
Pension and UIF Contributions		1 016	1 154	1 154	52	310	577	(267)	-46%	1 154
Medical Aid Contributions		304	153	153	16	97	77	21	27%	153
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	43	43	–	143	22	121	561%	43
Motor Vehicle Allowance		1 515	964	964	99	595	482	113	23%	964
Cellphone Allowance		201	36	36	13	78	18	60	333%	36
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		68	–	–	27	60	–	60	#DIV/0!	–
Payments in lieu of leave		121	–	–	–	–	–	–		–
Long service awards		13	–	–	–	–	–	–		–
Post-retirement benefit obligations	2							–		
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		76	25	25	–	–	13	(13)	-100%	25
In kind benefits		10	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipalit		**9 455**	**9 204**	**9 204**	**545**	**3 307**	**4 602**	**(1 295)**	**-28%**	**9 204**
% increase	4		**-2.7%**	**-2.7%**						**-2.7%**
Other Municipal Staff										
Basic Salaries and Wages		174 701	203 408	202 888	17 211	102 696	101 531	1 165	1%	202 888
Pension and UIF Contributions		38 400	39 204	39 204	3 787	22 126	19 602	2 524	13%	39 204
Medical Aid Contributions		14 476	15 840	15 840	1 127	7 463	7 920	(457)	-6%	15 840
Overtime		30 553	17 511	17 511	2 103	13 973	8 756	5 218	60%	17 511
Performance Bonus		14 321	14 581	14 581	370	6 439	7 291	(852)	-12%	14 581
Motor Vehicle Allowance		11 230	13 803	13 803	996	5 832	6 902	(1 070)	-16%	13 803
Cellphone Allowance		1 129	846	846	106	603	423	180	42%	846
Housing Allowances		579	988	988	55	317	494	(177)	-36%	988
Other benefits and allowances		14 019	7 039	7 039	1 517	6 839	3 520	3 320	94%	7 039
Payments in lieu of leave		1 313	1 259	1 259	189	303	630	(327)	-52%	1 259
Long service awards		2 382	3 513	3 513	274	1 306	1 757	(450)	-26%	3 513
Post-retirement benefit obligations	2	2 581	3 081	3 081	189	990	1 540	(551)	-36%	3 081
Entertainment								–		
Scarcity								–		
Acting and post related allowance		1 160	2 259	2 259	92	580	1 130	(550)	-49%	2 259
In kind benefits								–		
Sub Total - Other Municipal Staff		**306 844**	**323 334**	**322 814**	**28 015**	**169 468**	**161 495**	**7 973**	**5%**	**322 814**
% increase	4		**5.4%**	**5.2%**						**5.2%**
Total Parent Municipality		**335 317**	**353 096**	**352 577**	**30 060**	**180 528**	**176 376**	**4 152**	**2%**	**352 577**

11. Municipal ratios

MP302 Msukaligwa - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December							
Description of financial indicator	Basis of calculation	Ref	2024/25	Budget Year 2025/26			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		7.2%	10.9%	10.9%	0.0%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		237.3%	123.8%	122.7%	304.2%	122.7%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	30.2%	53.3%	49.7%	35.1%	49.7%
Liquidity Ratio	Monetary Assets/Current Liabilities		1.5%	2.5%	-1.3%	3.5%	-1.3%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		38.6%	41.9%	41.9%	84.5%	41.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2	0.0%	0.0%	0.0%	0.0%	0.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		28.0%	25.1%	25.0%	26.2%	25.0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		7.5%	5.8%	5.3%	5.9%	5.3%
Interest & Depreciation	I&D/Total Revenue - capital revenue		22.3%	11.3%	11.3%	0.0%	3.2%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

Borrowing Management

- **Capital Charges to Operating Expenditure**: 0.0% YTD (budget: 10.9%; forecast: 3.1%) – reflecting timing of debt repayments.
- **Borrowed Funding of 'Own' Capital Expenditure:** 0.0%, consistent with budget.

Safety of Capital

- **Debt to Equity**: 304.2% YTD, above budgeted 122.7%, indicating high short-term obligations relative to reserves.
- **Gearing (Long-Term Borrowing/Funds & Reserves):** 0.0%, in line with budget.

Liquidity

- **Current Ratio (Current Assets/Current Liabilities):** 35.1% YTD (budget: 49.7%) – tight liquidity.
- **Liquidity Ratio (Monetary Assets/Current Liabilities):** 3.5% YTD (budget: -1.3%) – cash available for immediate obligations.

Revenue Management

- **Outstanding Debtors to Revenue:** 84.5% YTD (budget: 41.9%) – high collection risk.
- **Longstanding Debtors Recovered (>12 months):** 0% YTD.

Creditors Management

- **Creditors System Efficiency**: Data not reported; monitoring required to ensure timely payment in line with MFMA Section 65(e).

Other Operational Indicators

- **Electricity Distribution Losses**: 0% – no losses reported.
- **Water Distribution Losses**: Data not reported.
- **Employee Costs**: 26.2% of revenue (budget: 25%) – slightly above target.
- **Repairs & Maintenance**: 5.9% of revenue (budget: 5.3%) – minor overspend.
- **Interest & Depreciation**: 0% YTD (budget: 11.3%; forecast: 3.2%) – timing of charges.

IDP Financial Viability Indicators

- **Debt Coverage**: Not calculated YTD.
- **Outstanding Service Debtors to Revenue**: 84.5% – high relative to budget.

12. Capital Programme Performance

Overview

The Municipality received a total revised capital grant allocation of R174,412,508.65 for the 2025/26 financial year. By the reporting date, R151,079,508.65 has been transferred to the Municipality, and R112,860,370 (64.71% of the allocation) had been spent.

When measured against actual receipts, overall capital grant spending stands at 74.71%.

Although spending performance is improving, several grants still require accelerated implementation to ensure full utilization within the prescribed timeframes. See table below;

CAPITAL GRANTS SPENDING

TYPE of GRANTS	Original allocation	Adjusted allocation /Roll Over	Adjustment	Revised Allocation	Received to date	Spent to date	Remaining on budget	Remaining on amount received	Spending% Against allocation	spending % against Receipts
MIG	R 63 581 000.00	R 0.00	R 0.00	R 63 581 000.00	R 57 791 000.00	R 39 526 995.29	R 24 054 004.71	R 18 264 004.71	62%	68%
EEDSM	R 4 000 000.00	R 0.00	R 0.00	R 4 000 000.00	R 2 400 000.00	R 3 538 929.80	R 461 070.20	-R 1 138 929.80	88%	147%
WSIG	R 45 000 000.00	R 0.00	R 0.00	R 45 000 000.00	R 35 000 000.00	R 23 975 266.12	R 21 024 733.88	R 11 024 733.88	53%	69%
[illegible]SIG	R 50 000 000.00	R 0.00	R 0.00	R 50 000 000.00	R 45 000 000.00	R 35 432 366.06	R 14 567 633.94	R 9 567 633.94	71%	79%
[illegible]P	R 2 691 000.00	R 0.00	R 0.00	R 2 691 000.00	R 1 748 000.00	R 2 685 855.01	R 5 144.99	-R 937 855.01	100%	154%
MDRG	R 0.00	R 9 140 508.65	R 0.00	R 9 140 508.65	R 9 140 508.65	R 7 700 957.77	R 1 439 550.88	R 1 439 550.88	84%	84%
	R 165 272 000.00	R 9 140 508.65	R 0.00	R 174 412 508.65	R 151 079 508.65	R 112 860 370.05	R 61 552 138.60	R 38 219 138.60	64.71%	74.70%

OPERATIONAL GRANTS SPENDING

TYPE of GRANTS	Original allocation	Roll Over	Adjustment	Revised Allocation	Received to date	Spent to date	Remaining on budget	Remaining on amount received	Spending% Against allocation	spending % against Receipts
FMG	R 3 800 000.00	R 828 203.33	R 0.00	R 4 628 203.33	R 3 800 000.00	R 2 592 324.00	R 2 035 879.33	R 1 207 676.00	56%	68%
EPWP	R 1 930 000.00	R 0.00	R 0.00	R 1 930 000.00	R 1 352 000.00	R 1 270 984.00	R 659 016.00	R 81 016.00	66%	94%
	R 5 730 000.00	R 828 203.33	R 0.00	R 6 558 203.33	R 5 152 000.00	R 3 863 308.00	R 2 694 895.33	R 1 288 692.00	58.91%	75%

Unspent Capital 2025/26	R 38 219 138.60
Unspent Operational grants 2025/26	R 1 288 692.00
	R 39 507 830.60

Performance per Grant

a) Municipal Infrastructure Grant (MIG)

- Spending rate stands at 62% of the allocation and 68% of receipts.
- The programme is progressing reasonably, although implementation must accelerate to avoid year-end underspending.

b) Energy Efficiency and Demand Side Management (EEDSM)

- Spending is high relative to allocation at 88%, but significantly exceeds the amounts received (147% of receipts).
- This indicates overspending against receipts, creating temporary funding pressure that must be managed carefully.

c) Water Services Infrastructure Grant (WSIG)

- Spending is at 53% of allocation and 69% of receipts.
- The programme is underspending and requires urgent intervention to address project delays.

d) Regional Bulk Infrastructure Grant (RBIG)

- Expenditure stands at 71% of allocation and 79% of receipts.
- Implementation is on a positive trajectory, and full spending is achievable with continued momentum

e) Integrated National Electrification Programme (INEP)

- Spending is at 100% of allocation but far exceeds receipts (154%).
- The grant is significantly overspent against receipts, creating a financing risk that requires corrective action and possible engagement with the funder.

f) Municipal Disaster Recovery Grant (MDRG)

- Expenditure performance is 84% for both allocation and 84% receipts.
- Implementation is on track with no major concerns reported.

OPERATIONAL GRANTS PERFORMANCE

Overview

The total revised operational grant allocation amounts to R6,558,203.33, of which R5,152 million has been received. Expenditure to date is R3,863 million translating to 59% spending against the allocation and 75% against receipts.

Performance per Grant

a) Financial Management Grant (FMG)

- Spending is at 56% of allocation and 68% of receipts.
- The programme is progressing in line with planned activities.

b) Expanded Public Works Programme (EPWP)

- Expenditure is at 66% of allocation.
- However, spending is 94% of receipts**, indicating substantial overspending relative to transferred funds.
- This requires immediate attention to avoid cash flow pressures and compliance risks.

Operational Grants Summary

- Unspent operational funds (based on receipts): R1,288 million

COMBINED UNSPENT CONDITIONAL GRANTS

Total unspent conditional grants: R 50 278 365.09

- Capital grants: 38,219 million
- Operational grants: R 1,288 million

This balance represents funds still available for utilization in line with approved grant conditions and project plans.

13. Other supporting documents
Indigent Household Information

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

Municipal Debt Relief - Monthly Reporting - Indigent Households Information (MFMA Circular 124 (Condition 6.6))
Instruction - complete only with information of the current households registered as indigent with the municipality (Do NOT include the information of all households unless explicitly stated otherwise)

Description	Ref	As Per Debt Relief Application	Current Year 2025/26			2025/2026 - Monthly Reporting											
		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
Indigent Household serving targets	1																
Water : (Include All indigent households also in Eskom supplied areas)																	
Indigent HH's with piped water inside dwelling			11,000		11,000	3,052	3,370	3,392	3,351	3,473	3,360						
Indigent HH's with piped water inside yard (but not in dwelling)																	
Indigent HH's using public tap (at least min service level)	2																
Indigent HH's with other water supply (at least min service level)	4																
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	11,000	-	11,000	3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Indigent HH's using public tap (< min service level)	3																
Indigent HH's with other water supply (< min service level)	4																
Indigent HH's with No water supply																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	5	-	11,000	-	11,000	3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Status of Water meters :																	
Number of Indigent HH's with prepaid Water						-	-	-	-	-	-	-	-	-	-	-	-
Number of Indigent HH's with conventional metered Water						3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Number of Indigent HH's NOT metered currently - Water						-	-	-	-	-	-	-	-	-	-	-	-
Number of Indigent HH's with NO Water supply - No metering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	10	-	-	-	-	3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Status of unlimited supply of Water :																	
Number of Indigent HH's with *conventional metered Water - where the municipality is NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HH's **billed for consumption above the 6 kilolitres**	11																
Energy : (Include All indigent households also in Eskom supplied areas)																	
Indigent HH's with Electricity (at least min service level)																	
Indigent HH's with Electricity - prepaid (min service level)																	
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigent HH's with Electricity (< min service level)																	
Indigent HH's with Electricity - prepaid (< min service level)																	
Indigent HH's with other energy sources																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Status of Electricity meters :																	
Number of Indigent HH's with prepaid Electricity			6,480			3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Number of Indigent HH's with conventional metered Electricity						-	-	-	-	-	-	-	-	-	-	-	-
Number of Indigent HH's NOT metered currently - Electricity																	
Number of Indigent HH's with *other energy source* - No metering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	12	-	6,480	-	-	3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Status of unlimited supply of Electricity :																	
Number of Indigent HH's with *conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HH's **billed for consumption above the 50 kwh**	13																
Number of ALL Households receiving Free Basic Service (including registered Indigent Households)	7																
Water (6 kilolitres per household per month)						3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)						3,052	3,370	3,392	3,351	3,473	3,360	-	-	-	-	-	-
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)						73	73	73	73	73	73						
Electricity/other energy (50kwh per household per month)						88	88	88	88	88	88						
Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)																	
Electricity/other energy (50kwh per household per month)																	
Total cost of FBS Water and Electricity provided to ALL Households	8	-	-	-	-	161	161	161	161	161	161	-	-	-	-	-	-
Highest level of free service provided per household (ALL Households)																	
Property rates (R value threshold)																	
Water (kilolitres per household per month)			1 407 057			73	73	73	73	73	73						
Sanitation (kilolitres per household per month)			3 220 611			80	80	80	80	80	80						
Sanitation (Rand per household per month)			3 220 611			97	97	97	97	97	97						
Electricity (kwh per household per month)			5,460			88	88	88	88	88	88						
Refuse (average litres per week)			3 428 737			102	102	102	102	102	102						
Revenue cost of subsidised services provided for ALL Households (R'000)	9																
Residential Category Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	14(a)																
PSI Category Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	14(b)																
Additional Subsidies Property rates exemptions, reductions and rebates in excess of section 17 of MPRA)																	
Water (in excess of 6 kilolitres per indigent household per month)	15																
Sanitation (in excess of free sanitation service to indigent households)	15																
Electricity/other energy (in excess of 50 kwh per indigent household per month)																	
Refuse (in excess of one removal a week for indigent households)																	
Municipal Housing - rental rebates																	
Housing - top structure subsidies	6																
Other																	
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure A: C-schedules

Table C3 – Unauthorized Expenditure

The table below depicts all departments spent withing their allocated budgets as at 31 December 2025.

MP302 Msukaligwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December											
Vote Description	Ref	2024/25	Budget Year 2025/26								
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
Expenditure by Vote	1										
Vote 01 - Executive & Council		74 301	83 488	85 097	4 949	36 791	42 396	(5 605)	-13.2%	85 097	Saving
Vote 02 - Finance & Administration		184 471	178 671	186 023	22 581	83 509	90 551	(7 042)	-7.8%	186 023	Saving
Vote 03 -		–	–	–	–	–	–	–		–	
Vote 04 - Sport And Recreation		4 712	13 326	13 326	238	1 588	6 663	(5 075)	-76.2%	13 326	Saving
Vote 05 - Public Safety		75 970	33 418	33 418	2 844	16 703	16 709	(6)	0.0%	33 418	Saving
Vote 06 - Housing		–	–	–	–	–	–	–		–	
Vote 07 - Health		–	–	–	–	–	–	–		–	
Vote 08 - Planning And Development		14 672	21 883	21 883	1 496	7 785	10 942	(3 156)	-28.8%	21 883	Saving
Vote 09 - Community & Social Services		92 794	99 073	99 088	7 912	38 258	49 542	(11 284)	-22.8%	99 088	Saving
Vote 10 - Electricity		685 774	565 506	563 174	54 396	343 848	282 170	61 678	21.9%	563 174	Overspending
Vote 11 - Water Management		292 848	122 367	117 490	9 703	46 063	59 828	(13 765)	-23.0%	117 490	Saving
Vote 12 - Waste Water Management		29 747	129 610	129 610	2 528	15 185	64 805	(49 620)	-76.6%	129 610	Saving
Vote 13 - Waste Management		63 248	41 085	42 085	2 778	18 609	20 876	(2 267)	-10.9%	42 085	Saving
Vote 14 - Road Transport		100 288	81 478	81 478	4 274	22 800	40 739	(17 939)	-44.0%	81 478	Saving
Vote 15 - Other		12 262	12 563	12 563	–	201	6 282	(6 081)	-96.8%	12 563	Saving
Total Expenditure by Vote	2	1 631 087	1 382 469	1 385 236	113 700	631 340	691 503	(60 163)	-8.7%	1 385 236	Saving
Surplus/ (Deficit) for the yea	2	(256 963)	106 377	103 610	54 254	28 155	52 920	(24 764)	-46.8%	103 610	Saving

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

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

Below is a list of eskom accounts paid in December 2025. The municiaplity paid R 41 027 246.47 million on the Eskom Ermelo account, however an account to reinfence funds in this regard was opened and the balance as at 31 December 2025 amounts to R 4 026 820.51 million.

The eskom debt to date for the Ermelo account amounts to **R 1 099 billion.**

PERIOD	BALANCE	CURRENT BILLING	ADJUSTMENT	PAYAMENT	TOTAL OUTSTANDING
OPENING BALANCE	R 886,281,031				
Jul-25	R 886,281,031	73,901,496.05	-	62,498,119.48	897,684,407.97
Aug-25	R 897,684,408	73,771,709.94	- 2,425,358.32	5,773,327.46	963,257,432.13
Sep-25	R 963,257,432	53,386,137.63	-	-	1,016,643,569.76
Oct-25	R 1,016,643,570	46,202,265.01	51,150.00	9,098,535.28	1,053,798,449.49
Nov-25	R 1,053,798,449	42,844,492.89	-	957,710.28	1,095,685,232.10
Dec-25	R 1,095,685,232	44,645,934.98	-	41,027,246.47	1,099,303,920.61
Jan-26					

The total amount woed to DWS as at 31 December 2025 is **R 1,257 billion,** no payments were made in the month due to the municipality not receiving invoices requested from the department.

DWAF ACCOUNTS MOVEMENTS FOR THE YEAR AS PER INVOICES								
ACCOUNTS	opening balance	Amount Excl	VAT Amount	Interest	payments	Adjustment	Creditor	Statement Balance
20029265 NRWI	496,490,053.53	-	-	-	-	-	496,490,053.53	496,490,053.53
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198,876.96	-	-	-	-	-	198,876.96	198,876.96
20028765 CMA	100,885.98	25,916.67	-	4,845.93	-	-	131,648.58	131,648.58
20031984 NRWI	41,908,198.74	- 54,593,275.93	-	-	-	-	- 12,685,077.19	- 12,685,077.19
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336,243,385.67	-	-	-	-	-	336,243,385.67	336,243,385.67
20033982CMA	-	-	-	-	-	-	-	-
20037906 NWRI	111,607.71	3,441.60	-	4,998.32	-	-	120,047.63	120,047.13
20037906 CMA	-	-	-	-	-	-	-	-
21070010 NWRI	1,554,885.56	-	-	-	-	-	1,554,885.56	1,554,885.56
21070010 CMA	726.35	186.60	-	34.96	-	-	947.91	947.91
20014912 NRWI	139,334,230.26	-	-	-	-	-	139,334,230.26	139,334,230.26
20014912 CMA	24,356.99	- 3,343.25	-	1,009.99	-	-	22,023.73	22,023.73
20056412 NWRI	18,558,912.46	1,174,072.00	175,141.20	-	-	-	19,908,125.66	19,908,125.66
20056412 CMA	3,732.00	2,488.00	-	167.64	-	-	6,387.64	6,387.64
20059491 NRWI	104,074,973.83	10,657,416.00	1,575,254.74	4,768,367.65	-	- 4,768,367.65	116,307,644.57	116,307,644.57
20059491 CMA	233,313.02	59,936.92	-	11,206.74	-	- 11,206.74	293,248.94	293,248.94
20059482 NRWI	141,998,117.60	15,423,710.48	2,300,819.00	6,572,360.14	-	- 6,572,360.14	159,722,647.08	159,722,647.09
20059482 CMA	127,232.05	32,684.70	-	6,111.41	-	- 6,111.41	159,916.75	159,916.77
TOTAL DWS	1,280,963,488.71	- 27,216,767.21	4,051,214.94	11,369,102.78	-	- 11,358,045.94	1,257,808,993.28	1,257,808,992.81

The statement below reflect a balance of R 4 026 820.61 million in the Trading services account (Account opened for ring-fencing fund for the debt relief)

BBBTS 597224
*MSUKALIGWA LOCAL MUNICIPALITY
90 KERK AND TAUTE ST
ERMELO
2351

P O Box 1153
Johannesburg 2000
Street Address Commercial Account Services Customers
4 First Place, 6th Floor, Bankcity
Universal Branch Code 250655
fnb.co.za
Lost Cards 087-575-9406
Account Enquiries 087-736-2247
Fraud 087-575-9444
Relationship Manager Geoffrey Mavhivha
(087) 345-0990

Customer VAT Registration Number Not Provided
Bank VAT Registration Number 4210102051

Public Sector Cheque Account : 63143810413
Tax Invoice/Statement Number : 8
Statement Period : 30 November 2025 to 31 December 2025
Statement Date : 31 December 2025

Statement Balances		Bank Charges		Interest Rate	
Opening Balance	8,164.58 Cr	Service Fees	115.00 Dr	Credit Rate**	4.50%
Closing Balance	4,026,820.51 Cr	Cash Deposit Fees	0.00	Debit Rate (Non-NCA)	12.25%
# Inclusive of VAT @ 15.00%	15.00 Dr	Cash Handling Fees	0.00		
Total VAT (ZAR)	15.00 Dr	Other Fees	0.00		

Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
09 Dec	FNB OB Trf FNB OB Trf Trf From Primary Bc	10,000,000.00Cr	10,008,164.58Cr	
19 Dec	FNB OB Trf FNB OB Trf 000000006 Trf To Primary Bc	6,000,000.00	4,008,164.58Cr	
31 Dec	Int On Credit Balance	18,770.93Cr	4,026,935.51Cr	
31 Dec	#Service Fees	115.00	4,026,820.51Cr	
	Closing Balance		**4,026,820.51 Cr**	

Turnover for Statement Period

No Credit Transactions 2	10,018,770.93Cr
No Debit Transactions 2	6,000,115.00Dr

Please contact us within 30 days from your statement date, should you wish to query an entry on this statement (incl. card transactions done during this statement period, but not yet reflecting). Should we not hear from you, we will assume that you have received the statement and that it is correct.

For more information on your Pricing Option, please contact us or visit our website
**For the latest Credit Rates on product, please go to fnb.co.za

First National Bank - a division of FirstRand Bank Limited Registration Number 1929/001225/06. An Authorised Financial Services and Credit Provider (NCRCP20).

On 21 November 2025, the Prime Lending Rate changed to 10.25%. This may impact the rate on any of your credit facilities.

Delivery Method F1 R62
NS/EM/WV/DDA DB
8208

1340308

Branch Number	Account Number	Date	DDA DB/9V/AV/ZZ/00/CL/BB/L6/UR/N	FN
8208	63143810413	2025/12/31	PUBLIC SECTOR CHEQUE ACCOUNT	

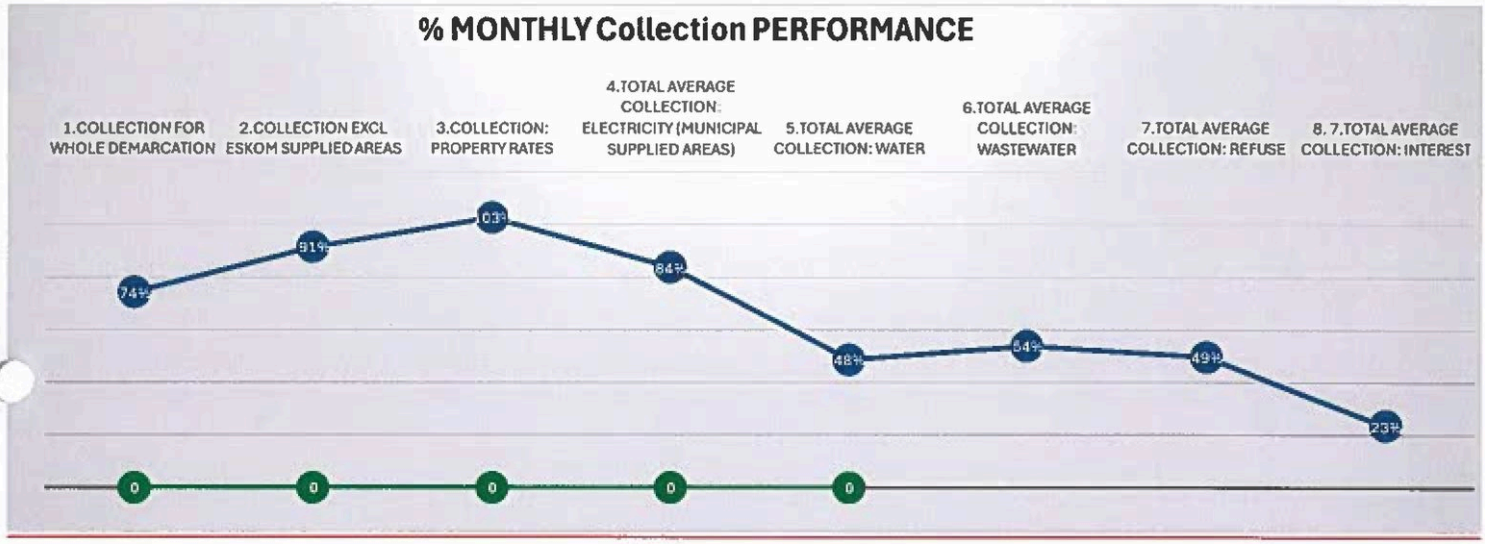
15.2 MFMA Circular 124 – Condition 6.4 Compliance with a unfunded MTREF Budget.

The municipality has approved an unfunded Budget of R 1,284 billion deficit for the 2025-26 Financial year.

15.3 MFMA Circula 124 – Condition 6.5 – Cost Reflective Tariffs

The municipality has submitted cost of supply to NERSA for approval, in order to implement the cost reflective tariffs.

15.4 MFMA Circular 124 – Condition 6.6 - Electricity and Water as collection tool



- Collection rate for Electricity for the month ending 31 December 2025 is 91%
- Colectrin rate for Water for the month ending 31 December 2025 is 48%

15.5 MFMA Circular 124 – Condition 6.7 Average Quarterly collection rate

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

Municipal Details				
	Mpumalanga			
Code	District	Municipality	Period Municipal	No.Of Wards
MP302	Gert Sibande	Msukaligwa	Dec-25	18

Collection Rate Assessment

Aggregate Collection	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	Summary - Quarter 3				Q1	Summary - Quarter 4				Q1
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection	
1.Collection for whole demarcation	208 726 723	150 152 790	58 573 933	72%		213 436 990	154 655 979	58 781 011	72%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
2.Collection excl Eskom supplied areas	46 082 870	39 323 785	6 759 086	85%		42 645 668	39 312 453	3 333 215	92%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
3.Collection: Property Rates	57 380 219	53 493 179	3 887 040	93%		60 681 183	56 961 770	3 719 413	94%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
4.Total average collection: Electricity	68 990 075	57 825 361	11 164 714	84%		69 080 817	59 972 797	9 988 020	86%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
5.Total average collection: Water	32 605 029	17 722 084	14 882 945	54%		35 696 588	17 913 299	17 783 289	50%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
6.Total average collection: Wastewater	18 720 614	9 385 698	9 334 916	50%		18 476 677	9 888 287	8 588 390	54%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
7.Total average collection: Refuse	16 071 844	7 199 732	8 872 112	45%		15 942 912	7 473 750	8 469 162	47%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
8.Total average collection: Interest	14 958 941	4 526 735	10 432 206	30%		13 578 813	3 346 077	10 232 736	25%		-	-	-	#DIV/0!		-	-	-	#DIV/0!	

1.Collection for whole demarcation	72%
2.Collection excl Eskom supplied areas	92%
3.Collection: Property Rates	94%
4.Total average collection: Electricity (Municipal supplied areas)	86%
5.Total average collection: Water	50%
6.Total average collection: Wastewater	54%
7.Total average collection: Refuse	47%
8.Total average collection: Interest	25%

15.6 MFMA Circular 124 - Condition 6.8 Completeness of the Revenue Base

- The original budget for Property Rates for the 2025/26 financial year is R258,951 million. As at 31 December 2025, the Municipality recorded actual monthly revenue of R21, 114 million, leading to YTD actual revenue of R124,907 million against a YTD budget of R129,475 million.
- This is a negative YTD variance of R4,568 million, or 4%, from the year-to-date budget.
- The failure to achieve the property rates revenue target is evidence of the fact that the collections are a bit behind the planned pace for the first six months of the financial year.
- Although the variance is not seen as material at present, this is a sign of difficulties in billing accuracy, collection rates, or payment compliance by ratepayers.
- There's a perfect match between the **General Valuation Roll (GV)** and the **Municipal Financial System (MFS)** as per the reconciliation below — both in property counts and market values.

Property Rates Reconciliation

Province	MP
District	Gert Sibande District
Type	LM
Municipal Name	Msukaligwa
GV Period	01/12/2025 - 31/12/2030
Financial Year	2025-2026
Reconciliation Period	December

Reconciliation Overview

High Level Reconciliation

Propety Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	26225	26225	0	11 246 744 801.00	11 246 744 801.00	
Industrial	106	106	0	335 790 300.00	335 790 300.00	
Business and Comme	836	836	0	3 294 053 200.00	3 294 053 200.00	
Agricultural	2244	2244	0	11 694 035 600.00	11 694 035 600.00	
Mining	92	92	0	67 270 000.00	67 270 000.00	
State Owned for Publ	147	147	0	1 307 549 100.00	1 307 549 100.00	
PSI	688	688	0	123 824 500.00	123 824 500.00	
PBO	131	131	0	332 211 300.00	332 211 300.00	
Multi Use	0	0	0	-	-	
Vacant	3355	3355	0	534 646 020.00	534 646 020.00	
POW	2	2	0	94 700 000.00	94 700 000.00	
Municipal	0	0	0	-	-	
Other	0	0	0	-	-	
	33826	33826	0	29 030 824 821.00	29 030 824 821.00	-

Detailed Reconciliation

Propety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	7 104 088	7 104 088	0	21 312 262.71	21 312 262.59	0.12
Industrial	764 693	764 689	4	2 294 078.58	2 294 066.58	12.00
Business and Comm	7 518 788	7 518 789	- 1	22 556 364.79	22 556 367.63	- 2.84
Agricultural	2 404 383	2 404 383	- 0	7 213 149.22	7 213 150.20	- 0.97
Mining	153 725	153 725	- 0	461 174.20	461 175.51	- 1.31
State Owned for Publ	2 664 203	2 664 205	- 1	7 992 610.01	7 992 614.39	- 4.38
PSI	24 940	24 940	0	74 818.55	74 818.53	0.02
PBO	4 171	4 171	0	12 514.27	12 513.96	0.31
Multi Use	-	-	-	-	-	-
Vacant	768 031	768 031	- 0	2 304 092.57	2 304 092.57	- 0.00
POW	9 669	9 669	- 0	29 006.98	29 007.00	- 0.02
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R21 416 690.63	R21 416 689.66	R0.98	64 250 071.90	64 250 068.97	2.93

Prepared By	Nomusa Zulu	Date	2025/12/31
	Contatct Details		
Signature			
Reviewed By	Ntombifuthi Mkhaliphi	Date	2026/01/05
	Contatct Details		
Signature			

15.7 MFMA Circular 124 – Condition 6.10 Provincial Treasury certification of Municipalities

- Municipality receives the Condition of Compliance certificate monthly, with the condition of non-compliance.
- The municipality has actioned and consider all non-compliance findings for the month of November 2025 with the intention to improve the compliance percentage.

15.8 MFMA Circular 124 – Condition 6.11 Limitation on Municipality borrowing

- The Municipality does not have any borrowings as at 31 December 2025.

15.9 MFMA Circular 124 – Municipal Compliance Self-Assessment

- See the table below for self-assessment report

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Mphumalanga Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

		Notes/Comments
Period	Dec'25	
National Financial Year	2025/26	
Demarcation Code of Municipality being assessed	MP302	
District	**Gert Sibande**	
Demarcation Description	**Msukaligwa**	

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

Municipal Debt Relief Conditions (Monthly reporting)

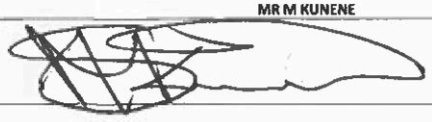
Condition			*Choose from drop down list*	Notes/Comments
	6.3 + 6.12	**Maintaining the Eskom and bulk water current account –** *(current account for the purpose of this exercise means the account for a single month's consumption)*		
1	6.12.2	- Has the municipality paid its ***bulk water current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? ***Note** - refer condition 6.12.2*	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://lguploadportal.treasury.gov.za?	Yes	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Yes	
4	6.3.1	- Has the municipality paid its ***Eskom bulk current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? ***Note** - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.*	Yes	
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes	
	6.4	**Compliance with a funded MTREF –** *(choose from drop down list the MTREF assessed)*	2025/26 Adopted MTREF	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No	
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment ***(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)*** on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should also be 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as, "No"		
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment ***(considering its asset register and physical state of assets)*** on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as, "No"		
11	6.4.2	- ***If the municipality's MTREF is not funded***, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	Yes	
		Note - If the municipality has an ERP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing ERP incorporates / will give effect to a funded MTREF. If not, the ERP requires strengthening		

12	6.4.2	- *If the municipality's MTREF is not funded and it has an FRP per the legislative framework*, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? ***Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.***	Yes	
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends *(For example higher winter Eskom tariffs, lower January collection rates, etc.?)*	No	
14	6.5	**Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?**	Yes	
	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.	Yes	
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? ***Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.***	Yes	
	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?	Yes	
		Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm		
	6.7.1	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, **has the municipality demonstrated to the satisfaction of National Treasury the following :**		
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	No	
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Yes	
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	Yes	
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	
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://lguploadportal.treasury.gov.za?**	Yes	

	6.9	Monitor and report on implementation –		
29	6.9.1	- **MFMA section 71 reporting** – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the **active intervention evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? ***Note - condition 6.9.2 has a typing error and must refer to 6.9.1***	Yes	
31	6.9.3	- **Municipalities with financial recovery plans (FRP)** – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	Yes	
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://fguploadportal.treasury.gov.za?	Yes	
		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		
	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://fguploadportal.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?	Yes	
		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		
36	6.11	**Limitation on municipality borrowing powers** - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No	
		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		
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
37	6.12.1	- has the municipality **apportioned and ring-fenced in a sub-account** to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes	
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes	
		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).		
39		***Supporting evidence*** : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	
40	6.13	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? ***Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.***	Yes	
41	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No	
		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.		

PT: HOD/ NT / MM Name: MR M KUNENE

Signature of HOD/ NT/ MM:



Date: 14-Jan-25

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

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Province		
MP		
Code	District	Code Descripti
MP302	Gert Sibande	Mkhaliguwa

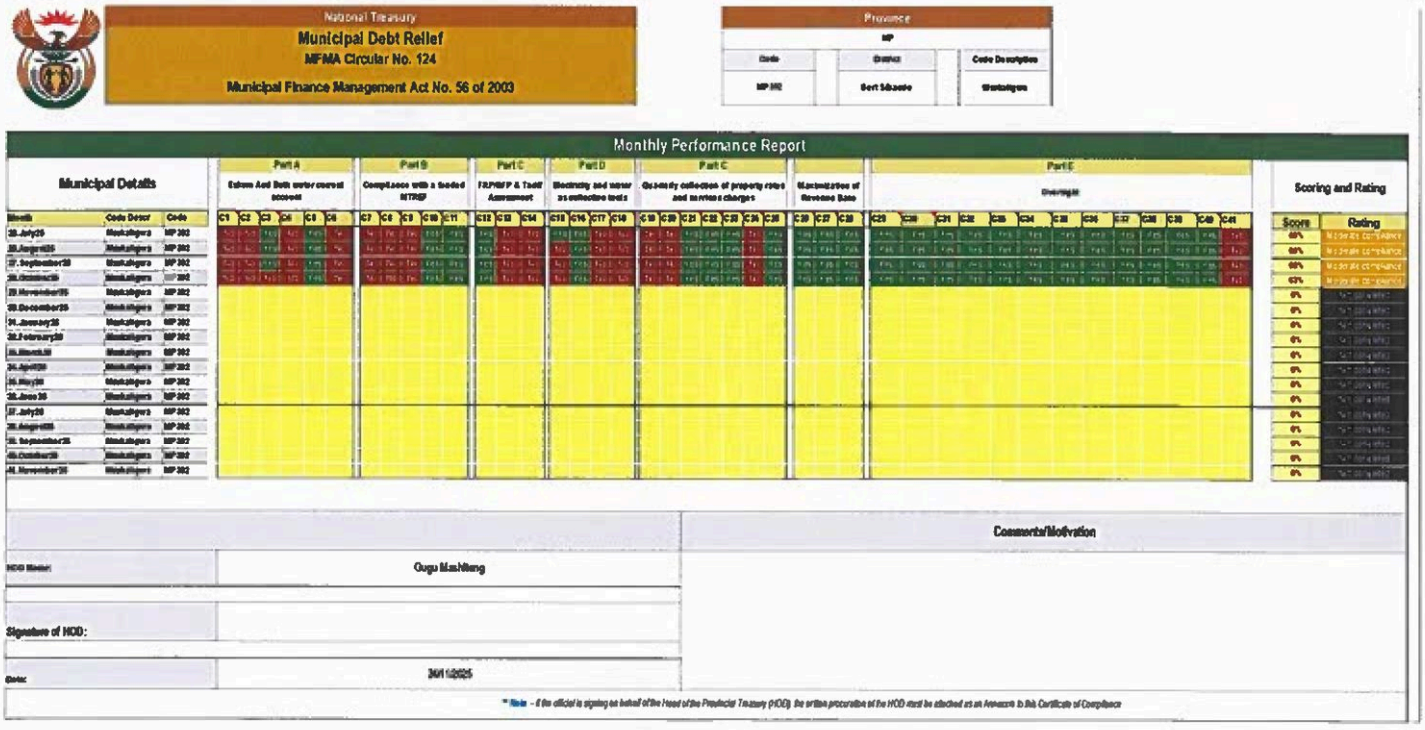
Monthly Performance Report

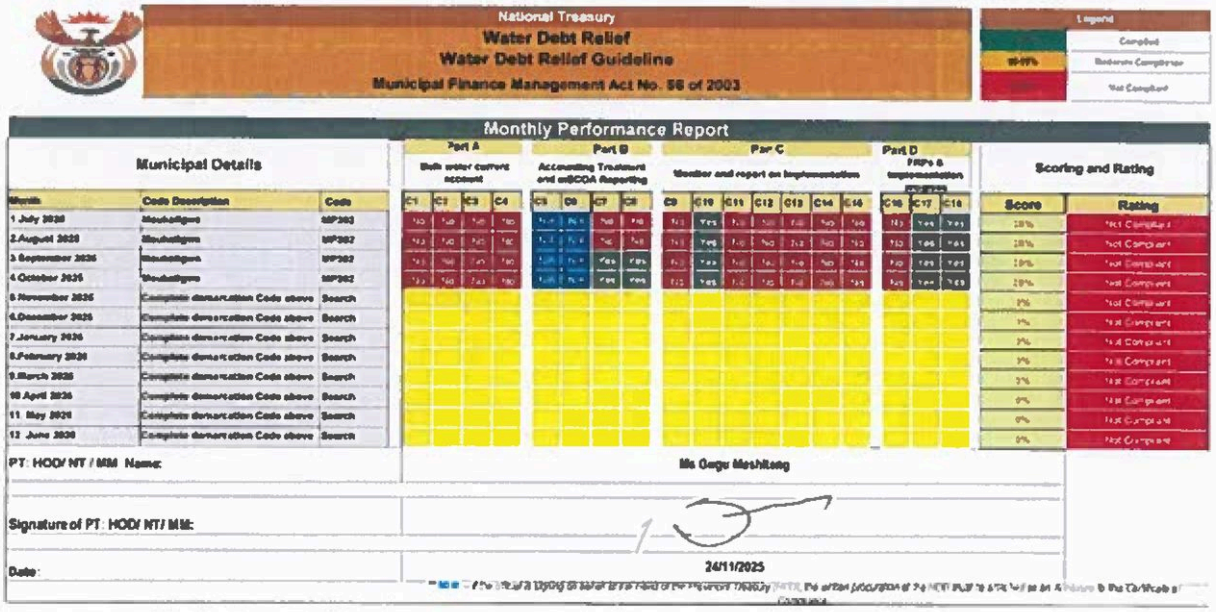
Municipal Details			Part A						Part B					Part C			Part D				Part C								Part E																Part F		Month applicable
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/IEP & Tariff Assessment			Electricity and water as collection tools				Quarterly collection of property rates and services charges							Maximization of Revenue Base			Oversight															Compliance Status		
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score		
1.July	Mkhaliguwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	93%	Non Compliance	Yes
2.August	Mkhaliguwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	93%	Non Compliance	Yes
3. September	Mkhaliguwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	85%	Non Compliance	Yes
4.October	Mkhaliguwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	90%	Non Compliance	Yes
5.November	Mkhaliguwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	90%	Non Compliance	Yes
6.December	Mkhaliguwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	90%	Non Compliance	Yes
7.January	Mkhaliguwa	MP302																																									0%	Non Compliance	Yes
8.February	Mkhaliguwa	MP302																																									0%	Non Compliance	Yes
9.March	Mkhaliguwa	MP302																																									0%	Non Compliance	Yes
10.April	Mkhaliguwa	MP302																																									0%	Non Compliance	Yes
11.May	Mkhaliguwa	MP302																																									0%	Non Compliance	Yes
12.June	Mkhaliguwa	MP302																																									0%	Non Compliance	Yes

	Comments/Motivation
HOD Name:	MR M KUNENE
Signature of HOD:	
Date:	14-Jan-25

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

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





National Treasury

Water Debt Relief

Water Debt Relief Guideline

Municipal Finance Management Act No. 56 of 2003

Legend

Complied

Not Complied

Monthly Performance Report

Municipal Details			Part A				Part B				Part C						Part D			Scoring and Rating	
			Bulk water current account				Accounting Treatment and mSCOA Reporting				Monitor and report on implementation						FRPs & implementation				
Month	Code Description	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	Score	Rating
1 July 2025	Municipality	MP302																			28%	Not Compliant
2 August 2025	Municipality	MP302																			28%	Not Compliant
3 September 2025	Municipality	MP302																			28%	Not Compliant
4 October 2025	Municipality	MP302																			28%	Not Compliant
5 November 2025	Complete demarcation Code above	Search																			0%	Not Compliant
6 December 2025	Complete demarcation Code above	Search																			0%	Not Compliant
7 January 2026	Complete demarcation Code above	Search																			0%	Not Compliant
8 February 2026	Complete demarcation Code above	Search																			0%	Not Compliant
9 March 2026	Complete demarcation Code above	Search																			0%	Not Compliant
10 April 2026	Complete demarcation Code above	Search																			0%	Not Compliant
11 May 2026	Complete demarcation Code above	Search																			0%	Not Compliant
12 June 2026	Complete demarcation Code above	Search																			0%	Not Compliant

PT: HOD/ NT / MM Name: Ms Gugu Mashiteng

Signature of PT: HOD/ NT/ MM:

Date: 24/11/2025

15. WATER DEBT RELIEF CONDITIONS

16.1 Condition 7.1 - "Maintaining the bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption that was due and payable during the month being assessed):"

The Municipality did not comply with this condition for the month ending 31 December 2025, however funds have been ring-fenced to comply with the condition.

16.2 Condition 7.2 - Accounting Treatment and mSCOA Reporting

Due to advice from National Treasury, the Municipality has revised its budget funding plan and is in the process of updating the template recently provided by NT on a monthly basis.

16.3 Condition 7.3 - Monitor and report on implementation – Section 71 monthly Reporting and FRP

The municipality assessed the Financial Recovery Plan as at 30 November 2025 and updated progress for each pillar.

The municipality is still on the RESCUE Phase with a total of 178 key intervention activities planned across four strategic pillars. As of the latest progress update, 87 activities have been completed, representing 49% of the overall targets, while 91 activities (51%) remain in progress.

Pillar 1: Governance shows steady advancement, with 5 of 23 activities completed and 18 underway, indicating significant ongoing work to strengthen oversight, leadership, and accountability mechanisms.

Pillar 2: Institutional Development has achieved 14 of 32 planned activities, with an equal number (18) still in progress. This demonstrates balanced effort toward capacity building and structural reforms within institutions.

Pillar 3: Financial Management reflects notable progress, having completed 29 of 53 activities, while 24 activities are still being implemented. This suggests active work toward improving financial systems, transparency, and resource management.

Pillar 4: Service Delivery, the largest component, leads in total outputs, with 39 of 70 activities completed and 27 in progress. This highlights significant improvement efforts in frontline services, though substantial work remains to reach full implementation.

Overall, the data indicates that the RESCUE Phase is progressing steadily, with nearly half of the planned interventions already achieved and the remainder at various stages of implementation. Continued focus across all pillars will be essential to sustain momentum and ensure full delivery of the program's objectives.

16.4 Water Debt Relief Self-Assessment Checklist

National Treasury

Water Debt Relief

Water Debt Relief Guideline

Municipal Finance Management Act No. 56 of 2003

Legend	
	Compliant
60-99%	Moderate Compliance
0-59%	Not Compliant

Monthly Performance Report

Municipal Details			Part A: Bulk water current account				Part B: Accounting Treatment and mSCOA Reporting				Part C: Monitor and report on Implementation							Part D: FRPs & Implementation progress			Scoring and Rating	
Month	Code Description	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	Score	Rating
1.July 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
2.August 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
3.September 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
4.October 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
5.November 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
6.December 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	94%	Moderate compliance
7.January 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
8.February 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
9.March 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
10.April 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
11. May 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
ne 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
ly 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
14.August 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
15.September 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
16.October 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
17.November 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
18.December 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
19. January 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
20.February 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
21.March 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
22.April 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
23.May 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
24.June 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
25.July 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
26.August 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
27.September 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
28.October 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
29.November 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
30.December 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
31.January 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
32.February 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
33.March 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
34.April 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
35.May 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
ne 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
..July 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
38.August 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
39.September 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
40.October 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
41.November 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
42.December 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
43.January 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
44.February 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
45.March 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
46.April 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
47.May 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
48.June 2029	Complete demarcation Code ab	Search																			0%	Not Compliant

PT: HOD/ NT / MM Name:	MR M KUNENE
Signature of PT: HOD/ NT/ MM:	
Date:	14-Jan-25

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

Annexure 02 - Monthly

Department of Water and Sanition and National Treasury
Water Debt Relief
Water Debt Relief Guideline
Municipal Finance Management Act No. 56 of 2003

National Treasury

Certificate of Compliance: Water Debt Relief Conditions

Period	**Dec-25**
National Financial Year	**2025/26**
Demarcation Code of Municipality being assessed	**MP302**
District	**Gert Sibande**
Demarcation Description	**Msukaligwa**

I, name and surname of HOD , hereby certify that the provincial treasury monitored the municipality's compliance against the conditions of Municipal Debt Relief as set-out in the **Water Debt Relief Guideline** 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:

Water Debt Relief Conditions (Monthly reporting)

Choose from drop down list

	Condition			Notes/Comments	
1	7.1	**Maintaining the bulk water current account –** (current account for the purpose of this exercise means the account for a single month's consumption that was due and payable during the month being assessed)			
2	7.1.	- Has the municipality paid its *bulk water current account* within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? *Note - refer condition 7.1.*	No or only partial payment		No
3	7.1.1	- Has the municipality submitted the supporting evidence of the bulk water current account payment(s) to the relevant Water Board (WB) and/ or Water Trading Entity (WTE) and / or Water User Association (WUA)within 1 day of making any such payment (in PDF format)?	Yes		Yes
4	7.1.2	- Has the municipality submitted the consolidated proof of payments to the respective bulk suppliers to the National Treasury GoMuni Upload portal https://guploadportal.treasury.gov.za by the 10th working day of the month following the invoice date (in PDF format)?	Yes		Yes
5	7.1.2	- 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 (WB) and/ or Water Trading Entity (WTE) and / or Water User Association (WUA)?	Yes		Yes
6	7.2	**Accounting Treatment and mSCOA Reporting**			
7	7.2.1	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Water arrear debt (debt existing as on 30 September 2024) as per any written instruction of the National Treasury: Office of the Accountant General and NT: CD: Local Government Budget Analysis issued for Water Debt Relief to date?	Yes		Yes
8	7.2.1	Did the municipality account for any related benefit (e.g. interest suppression, etc.) and does such align with mSCOA?	Yes		Yes
9	7.3	**Monitor and report on implementation –**			
10	7.3.1	**MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the Water Debt Relief Conditions as part of the implementation of the municipality's funded budget (and Budget Funding Plan where relevant)?**	Yes		Yes
11	7.3.1.1	Does the municipality's MFMA section 71 statement for the month being assessed include the municipality's water debt relief compliance self-assessment (signed by the Municipal Manager) - in the format of the Water Debt Relief compliance certificate (Annexure 02 of the Water Debt Relief Guideline)?	Yes		Yes
12	7.3.1	Does the municipality's MFMA section 71 statement for the month being assessed -			
13	7.3.1.2	Part A: include the municipality's progress against its approved funded budget?	Yes		Yes
14	7.3.1.2	Part B: if the municipality's budget was assessed as unfunded by any of the Treasuries, the municipality include the progress against approved Budget Funding Plan?	Yes		Yes
15	7.3.1.2	- Does the municipality's progress report envisaged in Part A and B above clearly demonstrate that the municipality is achieving the required Water Debt Relief compliance?	Yes		Yes
16	7.3.1.3	- Include the municipality's water losses (both in Rand value and kilolitres) for the month being assessed? (MFMA Circular 71)	Yes		Yes
17	7.3.1.3	- Include the municipality's energy losses (both in Rand value and kilowatt hours) for the month being assessed? (MFMA Circular 71)	Yes		Yes
18	7.3.1.3	- If the municipality is unable to calculate and report on its water and/or energy losses, did the municipality make any progress in terms of its loss calculation/ reporting strategy towards *calculating and reporting on such losses?*	Yes		Yes
19	7.3.1.3	- Include the *progress made to reduce* the municipality's reported water and/ or energy losses against its water-and energy losses reduction strategy?	Yes		Yes
20		**Municipalities with financial recovery plans (FRP)**			
21	7.3.1.2	- **Municipalities with financial recovery plans (FRP) – If the municipality has a FRP as envisaged in the prevailing local government legislative framework: Did the municipality's FRP progress report during the month being assessed, explicitly include the municipality's progress against those components of the FRP aimed to achieve water debt relief compliance as part of achieving a funded budget?**	Yes		Yes
22	7.3.1.2	- **Municipalities with financial recovery plans (FRP) – Was the municipality's FRP progress report during the month being assessed, submitted to the relevant Provincial Executive?**	Yes		Yes
23	7.3.2	- If progress is slow in terms of paragraph 7.3.1, is the municipal council and senior management team's 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?	Yes		Yes

PT: HOD/ NT / MM Name: MR M KUNENE

Signature of PT: HOD/ NT/ MM:

Date: 14-Jan-25

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

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

16. **Municipal Managers Quality Certification**

QUALITY CERTIFICATE

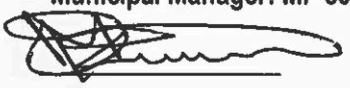
MP 302 MSUKALIGWA LOCAL MUNICIPALITY

I, M. KUNENE, the Municipal Manager of Msukaligwa Local Municipality, hereby certify that the monthly budget statement report and supporting documentation for submission of the **M06/Q2 Section 71/52 Monthly Report** ending **31 December 2025,** has been prepared in accordance with the Municipal management act and the regulations made under the Act.

Municipal Manager of Msukaligwa Local Municipality

Name: **MR. M. KUNENE**

Position: **Municipal Manager: MP 302 Msukaligwa local municipality**

Signature: 

Date: **14 JANUARY 2025**