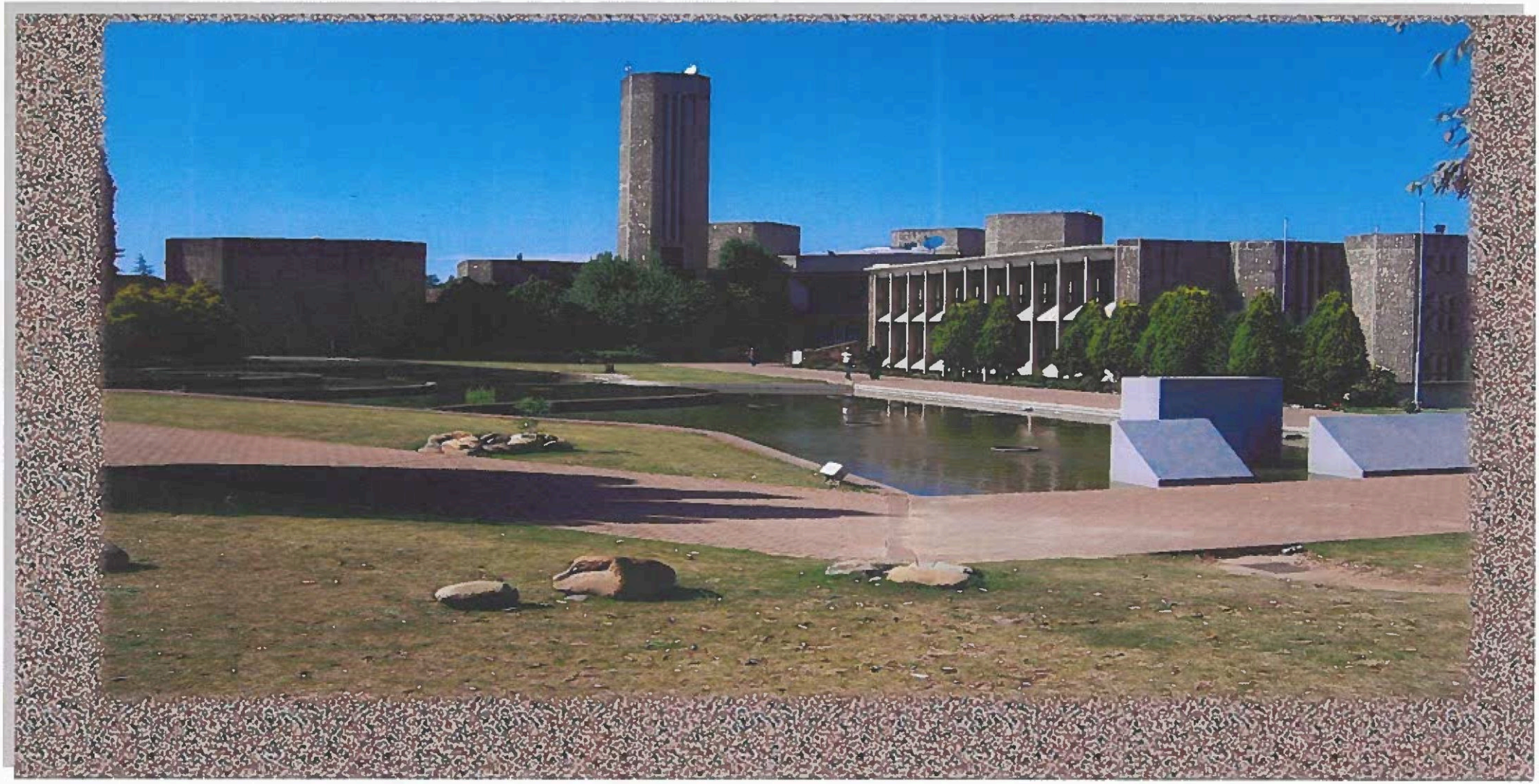
# Msukaligwa Local Municipality

## Section 71 Monthly Financial Report

**31 JANUARY 2026**



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**List of Abbreviations and Acronyms used in the Monthly Budget Statement**

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

**PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 JANUARY 2026**
**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 JANUARY 2026.**

## 1. PURPOSE

The purpose of this report is to present a Section 71 – M07 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 January 2026** 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 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 January 2026 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 | 773 939 | 730 599 | (43 340) | -6% |
| Expenditure | 1 382 469 | 1 382 870 | 806 440 | 745 281 | 61 159 | 8% |
| **Total ( Surplus/Deficit)** | **(55 716)** | **(56 116)** | **(32 501)** | **(14 682)** | **17 819** | **2%** |

**Revenue Performance**

The year-to-date operating revenue reached R 730,6 million, which is R 43,3 million, or 6%, below the approved budget of R 773,9 million. The lower revenue is attributed to slower collection levels and timing differences in some revenue sources. Management has implemented corrective measures to enhance revenue collection and will monitor performance on a monthly basis.

**Expenditure Performance**

The year-to-date operating expenditure was R 745,3 million, compared to a budget of R 806,4 million, resulting in underspending of R 61,2 million, or 8%. This underspending is primarily due to the phased implementation of planned programs and cost-control measures established by the municipality.

**Surplus / (Deficit) Position**

Consequently, the year-to-date operating deficit stands at R 14,7 million, which is R 17,8 million lower than the budgeted deficit of R 32,5 million for the same period. Despite the ongoing deficit, the overall financial performance is favorable compared to the approved budget, largely due to effective spending management.

The municipality will continue to enforce spending controls and enhance revenue management to ensure alignment with the approved budget, the service delivery and budget implementation plan (SDBIP), and to support a strong financial position for the remainder of the 2025/26 financial year.

## 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 - M07 January | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Description | 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 |
| **Financial Performance** | | | | | | | | | |
| Property rates | 212 918 | 258 951 | 258 951 | 20 885 | 145 792 | 151 055 | (5 263) | -3% | 258 951 |
| Service charges | 514 792 | 608 497 | 608 497 | 45 545 | 337 513 | 354 956 | (17 444) | -5% | 608 497 |
| Investment revenue | 5 888 | 5 471 | 5 471 | 460 | 3 769 | 3 191 | 578 | 18% | 5 471 |
| Transfers and subsidies - Operational | 282 515 | 294 895 | 294 895 | - | 214 490 | 172 022 | 42 468 | 0 | 294 895 |
| Other own revenue | 114 536 | 158 940 | 158 940 | 4 214 | 29 036 | 92 715 | (63 679) | -69% | 158 940 |
| **Total Revenue (excluding capital transfers and contributions)** | 1 130 649 | 1 326 753 | 1 326 753 | 71 104 | 730 599 | 773 939 | (43 340) | -6% | 1 326 753 |
| Employee costs | 316 301 | 332 538 | 332 204 | 28 084 | 200 859 | 193 782 | 7 077 | 4% | 332 204 |
| Remuneration of Councillors | 19 019 | 20 559 | 20 559 | 1 501 | 9 254 | 11 993 | (2 739) | -23% | 20 559 |
| Depreciation and amortisation | 135 560 | 128 379 | 128 379 | 13 | 29 | 74 888 | (74 859) | -100% | 128 379 |
| Interest | 116 791 | 22 041 | 22 041 | - | - | 12 857 | (12 857) | -100% | 22 041 |
| Inventory consumed and bulk purchases | 700 497 | 577 253 | 569 792 | 71 408 | 426 739 | 334 004 | 92 736 | 28% | 569 792 |
| Transfers and subsidies | - | - | - | - | - | - | - | | - |
| Other expenditure | 342 919 | 301 698 | 312 461 | 12 935 | 108 400 | 179 635 | (71 236) | -40% | 312 461 |
| **Total Expenditure** | 1 631 087 | 1 382 469 | 1 385 436 | 113 941 | 745 281 | 807 159 | (61 878) | -8% | 1 385 436 |
| **Surplus/(Deficit)** | (500 438) | (55 716) | (58 683) | (42 837) | (14 682) | (33 220) | 18 539 | -56% | (58 683) |
| Transfers and subsidies - capital (monetary allocations) | 241 561 | 162 093 | 162 093 | - | - | 94 554 | (94 554) | -100% | 162 093 |
| Transfers and subsidies - capital (in-kind) | 1 914 | - | - | - | - | - | - | | - |
| **Surplus/(Deficit) after capital transfers & contributions** | (256 963) | 106 377 | 103 410 | (42 837) | (14 682) | 61 334 | (76 016) | -124% | 103 410 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | | - |
| **Surplus/ (Deficit) for the year** | (256 963) | 106 377 | 103 410 | (42 837) | (14 682) | 61 334 | (76 016) | -124% | 103 410 |
| | | | | | | | | | |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | 78 872 | 162 093 | 247 320 | 3 437 | 106 254 | 139 224 | (32 970) | -24% | 247 320 |
| Capital transfers recognised | 84 766 | 162 093 | 232 382 | 3 437 | 95 008 | 132 183 | (37 175) | -28% | 232 382 |
| Borrowing | - | - | - | - | - | - | - | | - |
| Internally generated funds | (5 894) | - | 14 938 | - | 11 246 | 7 041 | 4 205 | 60% | 14 938 |
| **Total sources of capital funds** | 78 872 | 162 093 | 247 320 | 3 437 | 106 254 | 139 224 | (32 970) | -24% | 247 320 |
| **Financial position** | | | | | | | | | |
| Total current assets | 876 854 | 1 379 696 | 1 280 386 | | 1 149 220 | | | | 1 280 386 |
| Total non current assets | 2 922 517 | 2 967 413 | 3 052 640 | | 3 028 771 | | | | 3 052 640 |
| Total current liabilities | 2 906 820 | 2 588 560 | 2 574 243 | | 3 299 993 | | | | 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 | | 820 943 | | | | 1 677 002 |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | 390 508 | 175 941 | 175 941 | 30 049 | 883 681 | 102 632 | (781 048) | -761% | 175 941 |
| Net cash from (used) investing | 51 160 | (162 093) | (162 093) | (3 437) | (105 699) | (94 554) | 11 145 | -12% | (162 093) |
| Net cash from (used) financing | 449 | - | - | (1) | 8 | - | (8) | #DIV/0! | - |
| **Cash/cash equivalents at the month/year end** | 501 453 | 73 184 | 73 184 | 822 130 | 822 130 | 67 414 | (754 716) | -1120% | 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 | 106 006 | 35 673 | 31 486 | 31 564 | 29 961 | 29 714 | 139 527 | 1 267 384 | 1 671 315 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | 49 832 | 64 363 | 46 330 | 55 915 | 2 771 | 72 627 | 69 577 | 2 151 326 | 2 462 908 |

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

| MP302 Msukaligwa - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | 1 | | | | | | | | % | |
| **Revenue - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **556 867** | **658 855** | **658 855** | **22 461** | **370 930** | **384 332** | (13 402) | -3% | **658 855** |
| Executive and council | | 316 420 | 332 928 | 332 928 | – | 214 490 | 194 208 | 20 282 | 10% | 332 928 |
| Finance and administration | | 240 447 | 325 927 | 325 927 | 22 461 | 156 440 | 190 124 | (33 684) | -18% | 325 927 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| ***Community and public safety*** | | **64 679** | **59 779** | **59 779** | **445** | **3 515** | **34 871** | (31 356) | -90% | **59 779** |
| Community and social services | | 997 | 1 217 | 1 217 | 65 | 553 | 710 | (157) | -22% | 1 217 |
| Sport and recreation | | 139 | 344 | 344 | 12 | 81 | 201 | (120) | -60% | 344 |
| Public safety | | 59 563 | 54 991 | 54 991 | 68 | 694 | 32 078 | (31 384) | -98% | 54 991 |
| Housing | | 3 980 | 3 226 | 3 226 | 300 | 2 188 | 1 882 | 306 | 16% | 3 226 |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **6 155** | **6 532** | **6 532** | **79** | **1 110** | **3 810** | (2 701) | -71% | **6 532** |
| Planning and development | | 6 068 | 6 083 | 6 083 | 67 | 986 | 3 548 | (2 562) | -72% | 6 083 |
| Road transport | | 87 | 450 | 450 | 12 | 123 | 262 | (139) | -53% | 450 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **746 251** | **763 508** | **763 508** | **48 103** | **354 939** | **445 380** | **(90 441)** | -20% | **763 508** |
| Energy sources | | 326 118 | 407 731 | 407 731 | 26 194 | 198 635 | 237 843 | (39 208) | -16% | 407 731 |
| Water management | | 288 500 | 212 918 | 212 918 | 10 373 | 77 025 | 124 202 | (47 178) | -38% | 212 918 |
| Waste water management | | 68 575 | 76 200 | 76 200 | 6 207 | 42 593 | 44 450 | (1 857) | -4% | 76 200 |
| Waste management | | 63 058 | 66 659 | 66 659 | 5 329 | 36 686 | 38 884 | (2 198) | -6% | 66 659 |
| ***Other*** | 4 | **172** | **172** | **172** | **16** | **106** | **101** | **5** | **5%** | **172** |
| **Total Revenue - Functional** | 2 | **1 374 124** | **1 488 846** | **1 488 846** | **71 104** | **730 599** | **868 493** | **(137 894)** | **-16%** | **1 488 846** |
| **Expenditure - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **279 488** | **267 513** | **276 336** | **16 016** | **139 510** | **159 066** | (19 556) | -12% | **276 336** |
| Executive and council | | 87 487 | 87 563 | 89 183 | 4 535 | 39 535 | 51 891 | (12 357) | -24% | 89 183 |
| Finance and administration | | 192 001 | 179 951 | 187 152 | 11 481 | 99 975 | 107 174 | (7 199) | -7% | 187 152 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| ***Community and public safety*** | | **170 393** | **149 161** | **149 176** | **11 961** | **74 486** | **87 018** | (12 532) | -14% | **149 176** |
| Community and social services | | 75 060 | 88 266 | 88 281 | 7 798 | 42 240 | 51 495 | (9 255) | -18% | 88 281 |
| Sport and recreation | | 13 546 | 22 233 | 22 233 | 963 | 9 370 | 12 969 | (3 599) | -28% | 22 233 |
| Public safety | | 76 007 | 33 418 | 33 418 | 2 698 | 19 401 | 19 494 | (93) | 0% | 33 418 |
| Housing | | 4 808 | 5 185 | 5 185 | 502 | 3 475 | 3 025 | 450 | 15% | 5 185 |
| Health | | 972 | 59 | 59 | – | – | 34 | (34) | -100% | 59 |
| ***Economic and environmental services*** | | **115 552** | **107 226** | **107 364** | **4 654** | **32 091** | **62 583** | (30 492) | -49% | **107 364** |
| Planning and development | | 24 355 | 25 475 | 25 618 | 1 728 | 12 351 | 14 897 | (2 546) | -17% | 25 618 |
| Road transport | | 91 197 | 81 751 | 81 746 | 2 926 | 19 740 | 47 686 | (27 946) | -59% | 81 746 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **1 065 559** | **858 568** | **852 560** | **81 307** | **499 122** | **498 493** | **629** | 0% | **852 560** |
| Energy sources | | 676 655 | 565 506 | 563 374 | 53 698 | 390 345 | 329 037 | 61 307 | 19% | 563 374 |
| Water management | | 294 200 | 122 367 | 117 490 | 21 872 | 68 210 | 69 438 | (1 229) | -2% | 117 490 |
| Waste water management | | 31 456 | 129 610 | 129 610 | 2 848 | 19 070 | 75 606 | (56 537) | -75% | 129 610 |
| Waste management | | 63 248 | 41 085 | 42 085 | 2 889 | 21 498 | 24 411 | (2 913) | -12% | 42 085 |
| ***Other*** | | **94** | – | – | **3** | **72** | – | **72** | #DIV/0! | – |
| **Total Expenditure - Functional** | 3 | **1 631 087** | **1 382 469** | **1 385 436** | **113 941** | **745 281** | **807 159** | **(61 878)** | **-8%** | **1 385 436** |
| **Surplus/ (Deficit) for the year** | | **(256 963)** | **106 377** | **103 410** | **(42 837)** | **(14 682)** | **61 334** | **(76 016)** | **-1.23937** | **103 410** |

The Municipality's financial performance per Functional Classification at 31 January 2026 reflects:

- **Revenue underperformance of 16%**, with significant risks in trading services.
- **Overall expenditure overspending of 8%**, 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 31 January 2026 on revenue billed and collected.

### 4.1 Operating Revenue by Source

| MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024/25 | Budget Year 2025/26 | | | | | | | |
| Description | Ref | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | | % | |
| **Revenue** | | | | | | | | | | |
| **Exchange Revenue** | | | | | | | | | | |
| Service charges - Electricity | | 309 951 | 391 236 | 391 236 | 25 613 | 194 625 | 228 221 | (33 596) | -15% | 391 236 |
| Service charges - Water | | 91 447 | 90 618 | 90 618 | 9 570 | 71 704 | 52 861 | 18 843 | 36% | 90 618 |
| Service charges - Waste Water Managemer | | 60 383 | 67 901 | 67 901 | 5 543 | 38 076 | 39 609 | (1 533) | -4% | 67 901 |
| Service charges - Waste management | | 53 011 | 58 742 | 58 742 | 4 819 | 33 108 | 34 266 | (1 158) | -3% | 58 742 |
| Sale of Goods and Rendering of Services | | 6 354 | 11 224 | 11 224 | 242 | 2 588 | 6 547 | (3 959) | -60% | 11 224 |
| Agency services | | – | – | – | – | – | – | – | | – |
| Interest | | | | | | | | – | | |
| Interest earned from Receivables | | 31 069 | 38 133 | 38 133 | 2 572 | 16 996 | 22 244 | (5 249) | -24% | 38 133 |
| Interest from Current and Non Current Asse | | 5 888 | 5 471 | 5 471 | 460 | 3 769 | 3 191 | 578 | 18% | 5 471 |
| Dividends | | | | | | | | – | | |
| Rent on Land | | 2 | 2 | 2 | 0 | 1 | 1 | (0) | -17% | 2 |
| Rental from Fixed Assets | | 3 462 | 3 453 | 3 453 | 310 | 2 187 | 2 014 | 173 | 9% | 3 453 |
| Licence and permits | | 48 | 98 | 98 | 8 | 55 | 57 | (2) | -4% | 98 |
| Special rating levies | | | | | | | | – | | |
| Operational Revenue | | 3 242 | 44 333 | 44 333 | 120 | 895 | 25 861 | (24 966) | -97% | 44 333 |
| **Non-Exchange Revenue** | | | | | | | | – | | |
| Property rates | | 212 918 | 258 951 | 258 951 | 20 885 | 145 792 | 151 055 | (5 263) | -3% | 258 951 |
| Surcharges and Taxes | | | | | | | | – | | |
| Fines, penalties and forfeits | | 56 029 | 49 231 | 49 231 | 21 | 106 | 28 718 | (28 612) | -100% | 49 231 |
| Licence and permits | | 51 | – | – | 1 | 39 | – | 39 | #DIV/0! | – |
| Transfers and subsidies - Operational | | 282 515 | 294 895 | 294 895 | – | 214 490 | 172 022 | 42 468 | 25% | 294 895 |
| Interest | | 8 855 | 12 466 | 12 466 | 831 | 5 230 | 7 272 | (2 042) | -28% | 12 466 |
| Fuel Levy | | | | | | | | – | | |
| Operational Revenue | | 1 347 | – | – | 109 | 788 | – | 788 | #DIV/0! | – |
| Gains on disposal of Assets | | 2 590 | – | – | – | 124 | – | 124 | #DIV/0! | – |
| Other Gains | | 1 487 | – | – | – | 27 | – | 27 | #DIV/0! | – |
| Discontinued Operations | | | | | | | | – | | |
| **Total Revenue (excluding capital transfers and contributions)** | | **1 130 649** | **1 326 753** | **1 326 753** | **71 104** | **730 599** | **773 939** | **(43 340)** | **-6%** | **1 326 753** |

### Property Rates

- The reconciliation shows full alignment between the GV and MFS regarding property counts and market values. A total of 33,828 properties were recorded in both systems, with no discrepancies identified across all property categories.

- The total market value of R 29,03 billion is consistently represented in both the GV and MFS, ensuring the completeness and accuracy of the property base used for billing.

## Billing Reconciliation

- The detailed reconciliation reveals that the monthly property rates billing for January 2026 amount to R 21,5 million, with a net variance of R11,30 between the GV and MFS.
- On a quarterly basis, total billing reaches R 64 million, with a net variance of R 33,90. These variances are minor and can be attributed to rounding differences, and do not suggest systemic errors.
- The reconciliation confirms that the property rates billing is accurate, complete, and reliable, with no significant discrepancies between the valuation roll and the billing system.

The municipality has reasonable assurance that the property rates revenue billed for January 2026 is backed by a credible and reconciled valuation base, in accordance with financial management practices.

### Property Rates Reconciliation

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

Reconciliation Overview

**High Level Reconciliation**

| Propety Categories | # of Properties | | | Market Values | | |
|---|---|---|---|---|---|---|
| | GV | MFS | Variance | GV Market Values | MFS Market Values | Variance |
| Residential | 26227 | 26227 | 0 | 11 249 144 801.00 | 11 249 144 801.00 | - |
| Industrial | 106 | 106 | 0 | 335 790 300.00 | 335 790 300.00 | - |
| Business and Comme | 835 | 835 | 0 | 3 291 653 200.00 | 3 291 653 200.00 | - |
| Agricultural | 2246 | 2246 | 0 | 11 694 019 600.00 | 11 694 019 600.00 | - |
| 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 | 3354 | 3354 | 0 | 534 126 020.00 | 534 126 020.00 | - |
| POW | 2 | 2 | 0 | 94 700 000.00 | 94 700 000.00 | - |
| Municipal | 0 | 0 | 0 | - | - | |
| Other | 0 | 0 | 0 | - | - | |
| | 33828 | 33828 | 0 | 29 030 288 821.00 | 29 030 288 821.00 | - |

**Detailed Reconciliation**

| Propety Categories | Monthly Billing | | | Quarterly | | |
|---|---|---|---|---|---|---|
| Propety Categories | GV | MFS | Variance | GV | MFS | Variance |
| Residential | 7 117 166 | 7 117 164 | 2 | 21 351 497.81 | 21 351 492.08 | 5.73 |
| Industrial | 763 440 | 763 439 | 1 | 2 290 318.66 | 2 290 316.58 | 2.07 |
| Business and Comm | 7 513 287 | 7 513 280 | 7 | 22 539 860.91 | 22 539 840.51 | 20.40 |
| Agricultural | 2 404 380 | 2 404 380 | - 0 | 7 213 140.09 | 7 213 140.28 | - 0.19 |
| Mining | 153 725 | 153 725 | 0 | 461 175.93 | 461 175.51 | 0.42 |
| State Owned for Publ | 2 664 207 | 2 664 205 | 2 | 7 992 621.63 | 7 992 614.39 | 7.23 |
| PSI | 15 220 | 15 219 | 0 | 45 659.52 | 45 658.23 | 1.29 |
| PBO | 4 171 | 4 171 | - 0 | 12 513.78 | 12 513.96 | - 0.18 |
| Multi Use | - | - | - | - | - | - |
| Vacant | 702 202 | 702 203 | - 1 | 2 106 607.35 | 2 106 610.21 | - 2.86 |
| POW | 9 669 | 9 669 | - 0 | 29 006.98 | 29 006.99 | - 0.01 |
| Municipal | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total | R21 347 467.55 | R21 347 456.25 | R11.30 | 64 042 402.64 | 64 042 368.75 | 33.90 |

| | | | |
|---|---|---|---|
| **Prepared By** | Nomusa Zulu | Date | 2026/02/04 |
| | Contatct Details | | |
| **Signature** | | | |
| **Reviewed By** | Ntombifuthi Mkhaliphi | Date | 2026/02/05 |
| | Contatct Details | | |
| **Signature** | | | |

## Electricity

| Description | Original Budget 2025/26 | Monthly Budget | Actual billed or received M06 (December) | Actual billed or received M07 (January) | Movement | Difference (Budget vs Actual) | Variance based on pro rata budget |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | % |
| Conventional | 273 865 007.50 | 22 822 083.96 | 18 533 787.15 | 17 929 070.15 | 604 717.00 | 4 893 013.81 | 21% |
| Prepaid sales | 117 370 717.50 | 9 780 893.13 | 7 943 051.63 | 7 683 887.21 | 259 164.43 | 2 097 005.92 | 21% |
| **Total** | **391 235 725.00** | **32 602 977.08** | **26 476 838.78** | **25 612 957.35** | **863 881.43** | **6 990 019.73** | **21%** |

During the reviewed period, total electricity revenue billed or received for January 2026 (M07) was R 25,6 million, compared to a pro-rata monthly budget of R 32,6 million, resulting in a negative variance of R 7 million (21%).

**Conventional electricity revenue** amounted to R 17,9 million, which is R 4,9 million (21%) below the monthly budget. This represents a slight decline of R 604 thousand compared to December 2025 (M06), primarily due to consumption patterns, payment behaviour, and timing differences in billing and collections.

**Prepaid electricity sales** for January 2026 were R 7,7 million, falling R 2,1 million (21%) short of the monthly budget, and R 259 thousand lower than the previous month. This variance is influenced by seasonal consumption trends and limited customer purchasing behaviour.

Overall electricity revenue performance for M07 shows continued under-collection against the pro-rata budget, contributing to the broader trading services revenue shortfall noted in the Section 71 statement. Management is actively implementing revenue enhancement measures, including improved credit control, monitoring of prepaid sales trends, and aligning expenditure commitments with actual cash inflows.

## Water Management

- Year-to-date revenue from service charges for water reached R71,7 million, surpassing the year-to-date budget of R 52,9 million, resulting in a positive variance of R18 million (36%).

- This over-performance is largely due to greater-than-expected billing and collections during the reported period, in addition to timing discrepancies between actual consumption, billing cycles, and the pro-rata budget. The municipality reported monthly actual revenue of R 9,6 million for January 2026, which is generally consistent with the annual budget projection.

## Waste water Management

- Year-to-date revenue from service charges for wastewater management has amounted to R 38,1 million, compared to the year-to-date budget of R 39,6 million. This results in an unfavorable variance of R 1,5 million, or 4%.

- In January 2026, the municipality reported actual revenue of R 5,5 million, which is slightly below the pro-rata budget for that month. This underperformance is mainly due to timing differences between billing cycles and collections, as well as fluctuations in consumption and payment behaviors during the review period.

**Waste Management**

- Collections of R 3,1 million YTD are 3% below budget, but full-year revenue of R 58,7 million is on track.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**

- The year to date revenue amounted to R 2,187 million which is 9% more than the budget projection of R 2,014 million.
-

**Total Interest earned on Positive bank balances amounts to R 459,722.72 made up of the following banks;**

| JANUARY BANK BALANCE AND INTEREST | |
|---|---|
| BANK ACCOUNT TYPE | INTEREST |
| CALL ACCOUNT | 368 584.83 |
| LICENSING ACCOUNT | 17 680.80 |
| PRIMARY ACCOUNT | 58 067.09 |
| TRADING SERVICES ACCOUNT | 15 390.00 |
| | **459 722.72** |

**Interest earned - outstanding debtors**

- Interest from outstanding debtors as of January has shown a significat increase to R 2,572 miliion from an amount of R2,539 million that was reported in December 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 January 2026 amounted to R 21 thousand.

**Licence and permits**

Revenue generated for licenses and permits amounted to R1 thousand as at 31 January 2026.

## 4.2 Operating Expenditure by Source

The year-to-date Total expenditure amounts to R 745,281 million which is 8% more than the projected budget.

| MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 332 204 | 28 084 | 200 859 | 193 782 | 7 077 | 4% | 332 204 |
| Remuneration of councillors | | 19 019 | 20 559 | 20 559 | 1 501 | 9 254 | 11 993 | (2 739) | -23% | 20 559 |
| Bulk purchases - electricity | | 486 097 | 460 250 | 460 250 | 46 518 | 347 128 | 268 479 | 78 649 | 29% | 460 250 |
| Inventory consumed | | 214 399 | 117 003 | 109 542 | 24 890 | 79 611 | 65 525 | 14 087 | 21% | 109 542 |
| Debt impairment | | 146 681 | 94 135 | 94 135 | 885 | 6 296 | 54 912 | (48 617) | -89% | 94 135 |
| Depreciation and amortisation | | 135 560 | 128 379 | 128 379 | 13 | 29 | 74 888 | (74 859) | -100% | 128 379 |
| Interest | | 116 791 | 22 041 | 22 041 | – | – | 12 857 | (12 857) | -100% | 22 041 |
| Contracted services | | 119 103 | 124 809 | 127 992 | 9 819 | 60 135 | 73 933 | (13 798) | -19% | 127 992 |
| Transfers and subsidies | | – | – | – | – | – | – | – | | – |
| Irrecoverable debts written off | | 11 | 552 | 552 | 1 | 28 | 322 | (295) | -91% | 552 |
| Operational costs | | 72 011 | 82 202 | 89 781 | 2 231 | 41 937 | 50 468 | (8 531) | -17% | 89 781 |
| Losses on Disposal of Assets | | 4 875 | – | – | – | – | – | – | | – |
| Other Losses | | 238 | – | – | – | 4 | – | 4 | #DIV/0! | – |
| **Total Expenditure** | | **1 631 087** | **1 382 469** | **1 385 436** | **113 941** | **745 281** | **807 159** | **(61 878)** | **-8%** | **1 385 436** |

### Employee related costs and Councillors Allowances

- As of January 2026 (M07), Msukaligwa Municipality's employee-related costs reached R200,859,000, exceeding the year-to-date budget of R193,782,000 by 4%. The January monthly expenditure was R28,084,000, contributing to this slight overspend.
- However, the full-year forecast remains on track with the adjusted budget of R332,204,000, indicating overall spending is controlled. Ongoing monitoring of monthly payroll expenses is advised to prevent further overspending and ensure compliance with the approved budget for the rest of the financial year.

### 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 R12 ,249 million was paid towards Ermelo account for the month of January 2026. R6,356 million was paid towards the resale accounts.

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

**MSUKALIGWA LOCAL MUNICIPALITY**
**RESALE ACCOUNT FOR DECEMBER 2025**

| ACCOUNT NAME | ACCOUNT NUMBER | TOTAL BILLING | VAT AMOUNT | INTEREST | TOTAL DUE | PAID DATE | DUE DATE |
|---|---|---|---|---|---|---|---|
| BREYTEN KWAZANENELE | 8341001579 | 2 225 146.49 | 333 771.97 | | 2 558 918.46 | 2026/01/16 | 2026/01/23 |
| LOTHAIR | 7296044246 | 992 661.55 | 148 899.23 | | 1 141 560.78 | 2026/01/16 | 2026/01/19 |
| DAVEL KWADELA | 9657898907 | 854 566.59 | 128 184.99 | | 982 751.58 | 2026/01/16 | 2026/01/19 |
| BREYTEN TOWN | 9010981110 | 1 454 932.73 | 218 239.91 | | 1 673 172.64 | 2026/01/16 | 2026/01/19 |
| | | | | | | | |
| **TOTAL AMOUNT PAID** | | | | | **6 356 403.46** | | |

**PAYMENT MADE TO ERMELO ACCOUNT**

| ACCOUNT NAME | ACCOUNT NUMBER | AMOUNT PAID | PAYMENT DATE |
|---|---|---|---|
| ESKOM NEW | 6486432681 | 12 249 521.91 | 2026/01/29 |
| **TOTAL AMOUNT PAID** | | **12 249 521.91** | |

**ESKOM PAYMENT SCHEDULE 2425**

| 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 | R 1,099,303,921 | 42,120,564.23 | - | 0.00 | 1,141,424,484.84 |

**Bulk Purchases Water**

Invoices amounting to R 16 676 million were paid in the month ending 31 January 2026.
Total debt in Month ending Janualy 2026 amount to **R 1,141,424,484.84**

**Inventory consumed**

- Actuals expenditure is equal to the projected budget amount as at 31 January 2026.

**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 January 2026.

## 4.3 Capital Expenditure

| MP302 Msukaligwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Vote Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| *Governance and administration* | | – | – | 14 938 | – | 11 246 | 7 041 | 4 205 | 60% | 14 938 |
| Executive and council | | – | – | – | – | – | – | – | | – |
| Finance and administration | | – | – | 14 938 | – | 11 246 | 7 041 | 4 205 | 60% | 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 | 388 | 17 866 | 17 977 | (110) | -1% | 31 410 |
| Planning and development | | 20 534 | 22 270 | 31 410 | 388 | 17 866 | 17 977 | (110) | -1% | 31 410 |
| Road transport | | – | – | – | – | – | – | – | | – |
| Environmental protection | | | | | | | | – | | |
| *Trading services* | | 64 750 | 139 823 | 200 971 | 3 049 | 77 142 | 114 207 | (37 065) | -32% | 200 971 |
| Energy sources | | 647 | 6 691 | 10 691 | – | 4 983 | 5 903 | (920) | -16% | 10 691 |
| Water management | | 22 425 | 16 976 | 69 976 | 2 621 | 37 643 | 39 361 | (1 718) | -4% | 69 976 |
| Waste water management | | 41 677 | 114 239 | 118 387 | 429 | 34 516 | 67 824 | (33 309) | -49% | 118 387 |
| Waste management | | – | 1 917 | 1 917 | – | – | 1 118 | (1 118) | -100% | 1 917 |
| *Other* | | | | | | | | – | | |
| Total Capital Expenditure - Functional Classi | 3 | 78 872 | 162 093 | 247 320 | 3 437 | 106 254 | 139 224 | (32 970) | -24% | 247 320 |
| Funded by: | | | | | | | | | | |
| National Government | | 80 106 | 162 093 | 223 241 | 3 437 | 89 160 | 127 198 | (38 038) | -30% | 223 241 |
| Provincial Government | | 4 660 | – | 9 141 | – | 5 848 | 4 986 | 862 | 17% | 9 141 |
| District Municipality | | | | | | | | – | | |
| Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions) | | – | – | – | – | – | – | – | | – |
| Transfers recognised - capital | | 84 766 | 162 093 | 232 382 | 3 437 | 95 008 | 132 183 | (37 175) | -28% | 232 382 |
| Borrowing | 6 | | | | | | | – | | |
| Internally generated funds | | (5 894) | – | 14 938 | – | 11 246 | 7 041 | 4 205 | 60% | 14 938 |
| Total Capital Funding | | 78 872 | 162 093 | 247 320 | 3 437 | 106 254 | 139 224 | (32 970) | -24% | 247 320 |

The municipality did not incur any Capital expenditure incurred through internally funded for the month ending 31 January 2026.

## 4.4 Cash Flows

### Bank Balances as at 31 January 2026

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M07 January

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | 1 | | | | | | | | % | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates | | 63,803 | 201,982 | 201,982 | 13,466 | 99,079 | 117,823 | (18,744) | -16% | 201,982 |
| Service charges | | 145,751 | 550,876 | 550,876 | 35,577 | 274,935 | 321,344 | (46,409) | -14% | 550,876 |
| Other revenue | | 209,402 | 118,896 | 118,896 | 20,372 | 451,493 | 69,356 | 382,137 | 551% | 118,896 |
| Transfers and Subsidies - Operational | | 113,854 | 297,769 | 297,769 | 137 | 268,056 | 173,699 | 94,358 | 54% | 297,769 |
| Transfers and Subsidies - Capital | | 32,381 | 162,093 | 162,093 | – | 94,539 | 94,554 | (15) | 0% | 162,093 |
| Interest | | 4,393 | 34,103 | 34,103 | 846 | 7,548 | 19,893 | (12,347) | -62% | 34,103 |
| Dividends | | | | | | | | – | | |
| Payments | | | | | | | | | | |
| Suppliers and employees | | (179,077) | (1,159,402) | (1,159,402) | (40,349) | (1,031,468) | (676,318) | 355,151 | -53% | (1,159,402) |
| Interest | | – | (30,376) | (30,376) | – | – | (17,720) | (17,720) | 100% | (30,376) |
| Transfers and Subsidies | | | | | | | | – | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 390,508 | 175,941 | 175,941 | 30,049 | 164,180 | 102,632 | (61,548) | -60% | 175,941 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | | 2,472 | 0 | 0 | – | 124 | 0 | 124 | 7113750% | 0 |
| Decrease (increase) in non-current receivables | | – | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current investments | | – | – | – | – | – | – | – | | – |
| Payments | | | | | | | | | | |
| Capital assets | | 48,688 | (162,093) | (162,093) | (3,437) | (105,824) | (94,554) | 11,269 | -12% | (162,093) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | 51,160 | (162,093) | (162,093) | (3,437) | (105,699) | (94,554) | 11,145 | -12% | (162,093) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | | | | | | | – | | |
| Borrowing long term/refinancing | | 450 | – | – | – | – | – | – | | – |
| Increase (decrease) in consumer deposits | | (1) | – | – | (1) | 8 | – | 8 | #DIV/0! | – |
| Payments | | | | | | | | | | |
| Repayment of borrowing | | | | | | | | – | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | 449 | – | – | (1) | 8 | – | (8) | #DIV/0! | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 442,117 | 13,848 | 13,848 | 26,611 | 58,489 | 8,078 | | | 13,848 |
| Cash/cash equivalents at beginning: | | 59,336 | 59,336 | 59,336 | 795,519 | 44,141 | 59,336 | | | 44,141 |
| Cash/cash equivalents at month/year end: | | 501,453 | 73,184 | 73,184 | 822,130 | 102,630 | 67,414 | | | 57,989 |

- Cash and Cash Equivalents for the month ending 31 January 2026 amounted to a total of **R 102,629 million**, see the above breakdown.

| JANUARY BANK BALANCE AND INTEREST | |
|---|---|
| BANK ACCOUNT TYPE | BALANCE |
| CALL ACCOUNT | 90 808 228.17 |
| LICENSING ACCOUNT | 5 238 086.92 |
| PRIMARY ACCOUNT | 2 541 369.94 |
| TRADING SERVICES ACCOUNT | 4 042 095.69 |
| | **102 629 780.72** |

## 5. Debtors age analysis

| MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 22 586 | 9 440 | 8 131 | 8 490 | 7 256 | 7 129 | 30 597 | 238 639 | 332 269 | 292 112 | - | - |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | 26 595 | 5 467 | 4 364 | 4 348 | 3 954 | 4 255 | 22 111 | 156 688 | 227 783 | 191 356 | - | - |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | 29 276 | 8 696 | 8 607 | 7 996 | 7 972 | 7 858 | 30 204 | 175 389 | 275 998 | 229 420 | - | - |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | 10 037 | 3 885 | 3 605 | 3 530 | 3 465 | 3 410 | 17 676 | 162 729 | 208 337 | 190 811 | - | - |
| Receivables from Exchange Transactions - Waste Management | 1600 | 9 079 | 3 441 | 3 232 | 3 200 | 3 109 | 3 120 | 17 152 | 162 171 | 204 504 | 188 751 | - | - |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest on Arrear Debtor Accounts | 1810 | 7 000 | 3 614 | 3 321 | 3 247 | 3 143 | 3 103 | 20 144 | 308 052 | 351 623 | 337 689 | - | - |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | | | | | | | | | - | - | | |
| Other | 1900 | 1 434 | 1 130 | 225 | 753 | 1 061 | 838 | 1 644 | 63 716 | 70 800 | 68 011 | - | - |
| **Total By Income Source** | **2000** | **106 006** | **35 673** | **31 486** | **31 564** | **29 961** | **29 714** | **139 527** | **1 267 384** | **1 671 315** | **1 498 150** | **-** | **-** |
| **2024/25 - totals only** | | 91 551 | 29 751 | 26 762 | 28 615 | 26 160 | 24 401 | 129 068 | 1 097 955 | 1 454 263 | 1 306 199 | 0 | 0 |
| **Debtors Age Analysis By Customer Group** | | | | | | | | | | | | | |
| Organs of State | 2200 | 9 240 | 2 423 | 2 304 | 2 324 | 2 271 | 2 212 | 8 074 | 30 048 | 58 895 | 44 929 | - | - |
| Commercial | 2300 | 18 793 | 4 820 | 4 386 | 4 082 | 4 000 | 4 289 | 18 295 | 179 401 | 238 067 | 210 068 | - | - |
| Households | 2400 | 59 346 | 23 899 | 20 761 | 21 178 | 19 962 | 19 679 | 96 874 | 957 734 | 1 219 433 | 1 115 427 | - | - |
| Other | 2500 | 18 627 | 4 531 | 4 035 | 3 980 | 3 728 | 3 533 | 16 284 | 100 200 | 154 919 | 127 726 | - | - |
| **Total By Customer Group** | **2600** | **106 006** | **35 673** | **31 486** | **31 564** | **29 961** | **29 714** | **139 527** | **1 267 384** | **1 671 315** | **1 498 150** | **-** | **-** |

- The Municipal Debt book has slightly increased from R 1,650 billion in December to R 1,671 billion in January 2026.
- The municipality has implemented Credit Control report on electricity cut-off for the month ending 31 January 2026 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 January 2026.
- 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 | 76 | R 1 397 602.47 | R 1 032 229.47 | 73% |
| Wesselton | 7 | R 44 878.73 | R 19 362.05 | 43% |
| Breyten/Kwazanele | 5 | R 78 833.54 | R 60 632.23 | 76% |
| **TOTAL** | **88** | **R 1 521 314.74** | **R 1 112 223.75** | **73%** |

A total of **88 customers** were affected by service cut-offs during the reporting period. The **total cut-off amount** was **R 1 521 314.74**, with **payments received** amounting to **R1 112 223.75**, representing an **overall recovery rate of 73%**.

### 5.1.2. Pre-Paid Meters

| Towns | Number of Consumers | Cut-Off Amount | Payments | Payment % |
|---|---|---|---|---|
| Ermelo Ext 18 | 101 | R 11 248 308.88 | R 2 153 425.26 | 19% |
| Flats | 136 | R 19 590 512.13 | R 4 279 459.31 | 22% |
| Business's | 54 | R 14 863 710.94 | R 1 594 656.35 | 11% |
| Nederland Park | 234 | R 19 827 120.31 | R 1 350 316.03 | 7% |
| De Bruin Park | 68 | R 6 439 853.87 | R 1 762 384.26 | 27% |
| Ermelo Ext 17 | 28 | R 3 684 015.00 | R 370 033.72 | 10% |
| Cassim Park | 81 | R 4 855 250.42 | R 344 337.35 | 11% |
| **TOTAL** | **702** | **R 80 508 771.55** | **R 11 854 612.28** | **15%** |

- **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 **7,088.**

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 **98.**

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 **6.**

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 | 1 | R 12 277.40 | R 12 277.40 | 100% |
| Wesselton | 3 | R 49 108.45 | 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** | **4** | **R 61 385.85** | **R 12 277.40** | **25%** |

**5.1.4** The below attached shows the summary of collection by the debt collectors since inception, this amounts to **R 132 774 543,58.**

| | Quantity | Amount |
|---|---|---|
| Whole Book | 17645 | R1 109 452 519,34 |
| Collected | 6496 | R132 774 543,58 |
| Percentage of Debt Collected | | 11,97% |
| By Category | | |
| Residential | 4262 | R34 175 068,50 |
| Commercial | 1859 | R69 968 465,41 |
| Other | 153 | R17 782 140,31 |
| Government Associated Entity | 222 | R10 848 869,35 |
| | **6496** | **R132 774 543,58** |

### 6. Creditors age analysis

**MP302 Msukaligwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January**

| Description | NT Code | Budget Year 2025/26 | | | | | | | | | Prior year totals for chart |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - | Over 1 Year | Total | |
| **Creditors Age Analysis By Customer Type** | | | | | | | | | | | |
| Bulk Electricity | 0100 | 42 121 | 44 646 | 42 844 | – | – | – | – | 1 011 813 | **1 141 424** | 682 177 |
| Bulk Water | 0200 | 19 140 | – | 11 659 | – | 71 868 | 69 577 | – | 1 139 512 | **1 311 757** | 1 275 725 |
| PAYE deductions | 0300 | | | | | | | | | – | |
| VAT (output less input) | 0400 | | | | | | | | | – | |
| Pensions / Retirement deductions | 0500 | | | | | | | | | – | |
| Loan repayments | 0600 | | | | | | | | | – | |
| Trade Creditors | 0700 | 3 102 | 1 684 | 1 411 | 2 771 | 758 | – | – | – | **9 726** | 9 256 |
| Auditor General | 0800 | | | | | | | | | – | |
| Other | 0900 | | | | | | | | | – | |
| Medical Aid deductions | 0950 | | | | | | | | | – | |
| **Total By Customer Type** | **1000** | **64 363** | **46 330** | **55 915** | **2 771** | **72 627** | **69 577** | **–** | **2 151 326** | **2 462 908** | 1 967 157 |

- The total amount owed to creditors as per the age analysis at 31 January 2026 amounts to R2,462 billion with top creditors being DWS, Eskom.

## TOP TEN CREDITORS FOR JANUARY 2026

| SUPPLIER NUMBER | SUPPLIER NAME | AMOUNT |
|---|---|---|
| ED251 | DEPARTMENT OF WATER & SANITATION | 1 311 756 987.69 |
| EE265 | ESKOM NEW | 1 141 424 484.84 |
| EM913 | MPFUMELELO BUSINESS ENTERPRISE (PTY)LTD | 2 682 161.24 |
| EL435 | LPS CONSULTING (PTY) LTD | 1 380 729.86 |
| EV200 | VMT CIVILS | 1 143 361.23 |
| ER144 | RIENDZO RINENE (PTY) LTS | 664 086.56 |
| YBS01 | YBS PROJECTS (PTY) LTD | 639 899.80 |
| EB224 | BE FOREVER TRADING AND PROJECTS | 599 380.00 |
| EB01 | BEST ENOUGH TRADING & PROJECTS 517 CC | 582 965.71 |
| EI110 | IGODA PROJECTS | 486 270.00 |
| **TOTAL** | | **2 461 360 326.93** |

**Eskom Debt**

An amount owed in a Month ending **January 2026** amounted to **R 1 141 billion.**

ESKOM PAYMENT SCHEDULE 2425

| 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 | R 1,099,303,921 | 42,120,564.23 | - | 0.00 | 1,141,424,484.84 |

**DWS Debt**

As at 31 January 2026, the municipality owes Department of Water and Sanitation an amount of **R 1,311 billion.**

## 7. Table C6 – Statement of Financial Position

| MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position - M07 January | | | | | | |
|---|---|---|---|---|---|---|
| Description | Ref | 2024/25 | Budget Year 2025/26 | | | |
| | | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| R thousands | 1 | | | | | |
| **ASSETS** | | | | | | |
| **Current assets** | | | | | | |
| Cash and cash equivalents | | 44 141 | 64 812 | (34 498) | 103 180 | (34 498) |
| Trade and other receivables from exchange transactions | | 318 067 | 434 583 | 434 583 | 423 365 | 434 583 |
| Receivables from non-exchange transactions | | 111 154 | 113 341 | 113 341 | 144 393 | 113 341 |
| Current portion of non-current receivables | | – | – | – | – | – |
| Inventory | | 19 334 | 31 775 | 31 775 | 25 052 | 31 775 |
| VAT | | 377 017 | 726 743 | 726 743 | 441 402 | 726 743 |
| Other current assets | | 7 142 | 8 442 | 8 442 | 11 829 | 8 442 |
| **Total current assets** | | **876 854** | **1 379 696** | **1 280 386** | **1 149 220** | **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 | 2 856 832 | 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 transactions | | – | – | – | – | – |
| Non-current receivables from non-exchange transactions | | – | – | – | – | – |
| Other non-current assets | | | | | | |
| **Total non current assets** | | **2 922 517** | **2 967 413** | **3 052 640** | **3 028 771** | **3 052 640** |
| **TOTAL ASSETS** | | **3 799 371** | **4 347 110** | **4 333 026** | **4 177 991** | **4 333 026** |
| **LIABILITIES** | | | | | | |
| **Current liabilities** | | | | | | |
| Bank overdraft | | – | – | – | – | – |
| Financial liabilities | | – | – | – | – | – |
| Consumer deposits | | 23 883 | 21 660 | 21 660 | 24 401 | 21 660 |
| Trade and other payables from exchange transactions | | 2 312 231 | 1 909 497 | 1 895 180 | 2 505 287 | 1 895 180 |
| Trade and other payables from non-exchange transactions | | 10 914 | 159 832 | 159 832 | 159 019 | 159 832 |
| Provision | | 75 611 | 70 946 | 70 946 | 76 362 | 70 946 |
| VAT | | 484 181 | 426 625 | 426 625 | 534 925 | 426 625 |
| Other current liabilities | | – | – | – | – | – |
| **Total current liabilities** | | **2 906 820** | **2 588 560** | **2 574 243** | **3 299 993** | **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** | **3 376 553** | **2 654 407** |
| **NET ASSETS** | 2 | **815 991** | **1 678 387** | **1 678 620** | **801 438** | **1 678 620** |
| **COMMUNITY WEALTH/EQUITY** | | | | | | |
| Accumulated surplus/(deficit) | | 981 019 | 1 674 002 | 1 677 002 | 820 943 | 1 677 002 |
| Reserves and funds | | – | – | – | – | – |
| Other | | – | – | – | – | – |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 2 | **981 019** | **1 674 002** | **1 677 002** | **820 943** | **1 677 002** |

## 8. Investment Portfolio analysis

MP302 Msukaligwa - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

| Investments by maturity Name of Institution & Investment ID | Ref | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed Interest rate | Interest Rate | 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 January 2026; LGSETA

| Grants received 2025-26 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Votes | Jul-25 | Aug-25 | Sep-25 | Oct-24 | Nov-25 | Dec-25 | Jan-26 | 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 | | | 136 587.22 | 1 014 136.20 |
| EPWP | 3606763022OZZZZZZZWM | | 483 000.00 | | | | 869 000.00 | | 1 352 000.00 |
| Equitable share | 36061179100EQZZZZZHO | 119 161 000.00 | | | | | 95 329 000.00 | | 214 490 000.00 |
| [illegible]G | 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 |

## 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 January 2026,
- Total salary cost in respect of the month ending 31 January 2026 is summarized per salary company as in the table below:

| MP302 Msukaligwa - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024/25 | Budget Year 2025/26 | | | | | | | |
| nary of Employee and Councillor remune | Ref | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | | |
| | 1 | A | B | C | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | 4 414 | 4 122 | 4 122 | 348 | 1 045 | 2 405 | (1 360) | -57% | 4 122 |
| Pension and UIF Contributions | | 1 914 | 1 915 | 1 915 | 148 | 1 051 | 1 117 | (66) | -6% | 1 915 |
| Medical Aid Contributions | | 178 | 346 | 346 | 21 | 137 | 202 | (65) | -32% | 346 |
| Motor Vehicle Allowance | | – | – | – | – | – | – | – | | – |
| Cellphone Allowance | | 1 607 | 2 019 | 2 019 | 133 | 950 | 1 178 | (228) | -19% | 2 019 |
| Housing Allowances | | – | – | – | – | – | – | – | | – |
| Other benefits and allowances | | 10 905 | 12 157 | 12 157 | 851 | 6 070 | 7 091 | (1 021) | -14% | 12 157 |
| **Sub Total - Councillors** | | **19 019** | **20 559** | **20 559** | **1 501** | **9 254** | **11 993** | **(2 739)** | **-23%** | **20 559** |
| **% increase** | 4 | | **8.1%** | **8.1%** | | | | | | **8.1%** |
| Senior Managers of the Municipality | 3 | | | | | | | | | |
| Basic Salaries and Wages | | 6 131 | 6 828 | 6 828 | 396 | 2 420 | 3 983 | (1 563) | -39% | 6 828 |
| Pension and UIF Contributions | | 1 016 | 1 154 | 1 154 | 62 | 373 | 673 | (301) | -45% | 1 154 |
| Medical Aid Contributions | | 304 | 153 | 153 | 22 | 120 | 89 | 30 | 34% | 153 |
| Overtime | | – | – | – | – | – | – | – | | – |
| Performance Bonus | | – | 43 | 43 | – | 143 | 25 | 118 | 467% | 43 |
| Motor Vehicle Allowance | | 1 515 | 964 | 964 | 103 | 698 | 562 | 136 | 24% | 964 |
| Cellphone Allowance | | 201 | 36 | 36 | 16 | 94 | 21 | 73 | 345% | 36 |
| Housing Allowances | | – | – | – | – | – | – | – | | – |
| Other benefits and allowances | | 68 | – | – | 16 | 76 | – | 76 | #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 | – | – | 15 | (15) | -100% | 25 |
| In kind benefits | | 10 | – | – | – | – | – | – | | – |
| **Sub Total - Senior Managers of Municipality** | | **9 455** | **9 204** | **9 204** | **615** | **3 922** | **5 369** | **(1 447)** | **-27%** | **9 204** |
| **% increase** | 4 | | **-2.7%** | **-2.7%** | | | | | | **-2.7%** |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 174 701 | 203 408 | 203 072 | 17 005 | 119 701 | 118 454 | 1 247 | 1% | 203 072 |
| Pension and UIF Contributions | | 38 400 | 39 204 | 39 206 | 3 712 | 25 839 | 22 870 | 2 969 | 13% | 39 206 |
| Medical Aid Contributions | | 14 476 | 15 840 | 15 840 | 1 376 | 8 840 | 9 240 | (401) | -4% | 15 840 |
| Overtime | | 30 553 | 17 511 | 17 511 | 1 158 | 15 131 | 10 215 | 4 916 | 48% | 17 511 |
| Performance Bonus | | 14 321 | 14 581 | 14 581 | 1 659 | 8 097 | 8 506 | (408) | -5% | 14 581 |
| Motor Vehicle Allowance | | 11 230 | 13 803 | 13 803 | 946 | 6 778 | 8 052 | (1 274) | -16% | 13 803 |
| Cellphone Allowance | | 1 129 | 846 | 846 | 102 | 704 | 494 | 211 | 43% | 846 |
| Housing Allowances | | 579 | 988 | 988 | 56 | 373 | 576 | (203) | -35% | 988 |
| Other benefits and allowances | | 14 019 | 7 039 | 7 039 | 1 000 | 7 839 | 4 107 | 3 733 | 91% | 7 039 |
| Payments in lieu of leave | | 1 313 | 1 259 | 1 259 | 142 | 445 | 735 | (290) | -39% | 1 259 |
| Long service awards | | 2 382 | 3 513 | 3 513 | 57 | 1 363 | 2 049 | (686) | -33% | 3 513 |
| Post-retirement benefit obligations | 2 | 2 581 | 3 081 | 3 081 | 206 | 1 196 | 1 797 | (601) | -33% | 3 081 |
| Entertainment | | | | | | | | – | | |
| Scarcity | | | | | | | | – | | |
| Acting and post related allowance | | 1 160 | 2 259 | 2 259 | 51 | 631 | 1 318 | (687) | -52% | 2 259 |
| In kind benefits | | | | | | | | – | | |
| **Sub Total - Other Municipal Staff** | | **306 844** | **323 334** | **323 000** | **27 469** | **196 937** | **188 413** | **8 524** | **5%** | **323 000** |
| **% increase** | 4 | | **5.4%** | **5.3%** | | | | | | **5.3%** |
| **Total Parent Municipality** | | **335 317** | **353 096** | **352 762** | **29 584** | **210 113** | **205 774** | **4 338** | **2%** | **352 762** |
| | | | **5.3%** | **5.2%** | | | | | | **5.2%** |

## 11. Municipal ratios

| MP302 Msukaligwa - Supporting Table SC2 Monthly Budget Statement - performance indicators - M07 January | | | | | | | |
|---|---|---|---|---|---|---|---|
| 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% | 325.1% | 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% | 34.8% | 49.7% |
| Liquidity Ratio | Monetary Assets/Current Liabilities | | 1.5% | 2.5% | -1.3% | 3.1% | -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% | 79.3% | 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% | 27.5% | 25.0% |
| Repairs & Maintenance | R&M/Total Revenue - capital revenue | | 7.5% | 5.8% | 5.3% | 6.2% | 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 | | | | | | |

*References*

- The municipality is experiencing significant liquidity challenges, evidenced by a **current ratio of 0.35** and a **liquidity ratio of 0.03.**
- The proportion of **outstanding debtors has escalated to 79.3%** of annual revenue, underscoring ongoing deficiencies in revenue collection and credit management.
- While employee-related expenses remain largely within acceptable parameters, the municipality's dependence on short-term creditors and inadequately backed cash reserves poses a substantial risk to its financial sustainability. Therefore, management actions aimed at enhancing cash flow, improving debtor recovery, and ensuring compliance with MFMA payment obligations are essential.

## 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 R121,532,477.23 (69.68% of the allocation) had been spent.

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 | Adjust ment | Revised Allocation | Received to date | Spent to date | Remaining on budget | Remaining on amount received | Spendi ng% Agains t allocati on | spendi ng% agains t Receip ts |
|---|---|---|---|---|---|---|---|---|---|---|
| MIG | R 63 581 000.00 | R 0.00 | R 0.00 | R 63 581 000.00 | R 57 791 000.00 | R 43 524 458.11 | R 20 056 541.89 | R 14 266 541.89 | 68% | 75% |
| EEDSM | R 4 000 000.00 | R 0.00 | R 0.00 | R 4 000 000.00 | R 2 400 000.00 | R 3 548 336.66 | R 451 663.34 | -R 1 148 336.66 | 89% | 148% |
| WSIG | R 45 000 000.00 | R 0.00 | R 0.00 | R 45 000 000.00 | R 35 000 000.00 | R 26 751 993.48 | R 18 248 006.52 | R 8 248 006.52 | 59% | 76% |
| RBIG | R 50 000 000.00 | R 0.00 | R 0.00 | R 50 000 000.00 | R 45 000 000.00 | R 36 910 731.21 | R 13 089 268.79 | R 8 089 268.79 | 74% | 82% |
| EP | R 2 691 000.00 | R 0.00 | R 0.00 | R 2 691 000.00 | R 1 748 000.00 | R 2 691 000.00 | R 0.00 | -R 943 000.00 | 100% | 154% |
| ..IDRG | R 0.00 | R 9 140 508.65 | R 0.00 | R 9 140 508.65 | R 9 140 508.65 | R 8 105 957.79 | R 1 034 550.86 | R 1 034 550.86 | 89% | 89% |
| | **R 165 272 000.00** | **R 9 140 508.65** | **R 0.00** | **R 174 412 508.65** | **R 151 079 508.65** | **R 121 532 477.23** | **R 52 880 031.42** | **R 29 547 031.42** | **69.68%** | **80.44%** |

**OPERATIONAL GRANTS SPENDING**

| TYPE of GRANTS | Original allocation | Roll Over | Adjust ment | Revised Allocation | Received to date | Spent to date | Remaining on budget | Remaining on amount received | Spendi ng% Agains t allocati on | spendi ng% agains t Receip ts |
|---|---|---|---|---|---|---|---|---|---|---|
| FMG | R 3 800 000.00 | R 828 203.33 | R 0.00 | R 4 628 203.33 | R 3 800 000.00 | R 2 618 334.17 | R 2 009 869.16 | R 1 181 665.83 | 57% | 69% |
| EPWP | R 1 930 000.00 | R 0.00 | R 0.00 | R 1 930 000.00 | R 1 352 000.00 | R 1 558 148.32 | R 371 851.68 | -R 206 148.32 | 81% | 115% |
| | | | | | | | | | | |
| | **R 5 730 000.00** | **R 828 203.33** | **R 0.00** | **R 6 558 203.33** | **R 5 152 000.00** | **R 4 176 482.49** | **R 2 381 720.84** | **R 975 517.51** | **63.68%** | **81%** |

| | |
|---|---|
| Unspent Capital 2025/26 | R 29 547 031.42 |
| Unspent Operational grants 2025/26 | R 975 517.51 |
| | **R 30 522 548.93** |

### Performance per Grant

- As of January 2026, the municipality has received a total of R151.08 million in **capital grants** from MIG, EEDSM, WSIG, RBIG, INEP, and MDRG, of which R121.53 million (69.7% of the allocation; 80.4% of receipts) has been spent, leaving R29.55 million unspent.
- Spending progress is strong on RBIG (74%) and MIG (68%), while EEDSM and INEP have exceeded funds received (148% and 154% respectively), highlighting areas for closer cash-flow monitoring.
- **Operational grants**, including FMG and EPWP, total R6.56 million, with R4.18 million (63.7% of allocation; 81% of receipts) spent to date, leaving R975,518 unspent; EPWP shows slight overspending relative to receipts (115%).
- Overall, total unspent grants amount to R30.52 million, and while most funds are being utilized effectively, careful monitoring of grants that have exceeded receipts is recommended to ensure fiscal discipline for the remainder of the financial year.

## 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 - 2025/2026 | | | 2025/2026 - Monthly Monitoring | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Baseline | Adopted Budget | Adjusted Budget | Full Year Forecast | M01 | M02 | M03 | M04 | M05 | M06 | M07 | M08 | M09 | M10 | M11 | M12 |
| **Indigent Household service targets** | 1 | | | | | | | | | | | | | | | | |
| ***Water: (Include All indigent households also in Eskom supplied areas)*** | | | | | | | | | | | | | | | | | |
| Indigent HH's with piped water inside dwelling | | | 11 000 | | 11 000 | 3 052 | 3 370 | 3 392 | 3 351 | 3 473 | 3 390 | 3410 | | | | | |
| 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 | 3 390 | 3 410 | - | - | - | - | - |
| 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 | 3 390 | 3 410 | - | - | - | - | - |
| **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 | 3 390 | 3 410 | - | - | - | - | - |
| ber of Indigent HH's NOT metered currently - Water | | | | | | - | - | - | - | - | - | - | - | - | - | - | - |
| ber 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 | 3 390 | 3 410 | - | - | - | - | - |
| **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 | | | 5 460 | | | 3 052 | 3 370 | 3 392 | 3 351 | 3 473 | 3 390 | 3 410 | - | - | - | - | - |
| 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 sources - No metering | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total number of registered indigent households | 12 | - | 5 460 | - | - | 3 052 | 3 370 | 3 392 | 3 351 | 3 473 | 3 390 | 3 410 | - | - | - | - | - |
| **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 | 3 390 | 3 410 | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | | | | | | 3 052 | 3 370 | 3 392 | 3 351 | 3 473 | 3 390 | 3 410 | - | - | - | - | - |
| **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 | 73 | | | | | |
| Electricity/other energy (50kwh per household per month) | | | | | | 88 | 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 | 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 | 73 | | | | | |
| Sanitation (kilolitres per household per month) | | | 3 220 611 | | | 80 | 80 | 80 | 80 | 80 | 80 | 80 | | | | | |
| Sanitation (Rand per household per month) | | | 3 220 611 | | | 97 | 97 | 97 | 97 | 97 | 97 | 97 | | | | | |
| Electricity (kwh per household per month) | | | 5 460 | | | 88 | 88 | 88 | 88 | 88 | 88 | 88 | | | | | |
| Refuse (average litres per week) | | | 3 426 737 | | | 162 | 162 | 162 | 162 | 162 | 162 | 162 | | | | | |
| **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) | 16 | | | | | | | | | | | | | | | | |
| 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 January 2026.

| MP302 Msukaligwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 5 404 | 42 196 | 49 513 | (7 317) | -14.8% | 85 097 | Saving |
| Vote 02 - Finance & Administration | | 184 471 | 178 671 | 185 923 | 10 285 | 93 794 | 106 447 | (12 653) | -11.9% | 185 923 | Saving |
| Vote 03 - | | – | – | – | – | – | – | – | | – | |
| Vote 04 - Sport And Recreation | | 4 712 | 13 326 | 13 326 | 221 | 1 809 | 7 774 | (5 965) | -76.7% | 13 326 | Saving |
| Vote 05 - Public Safety | | 75 970 | 33 418 | 33 418 | 2 698 | 19 401 | 19 494 | (93) | -0.5% | 33 418 | Saving |
| Vote 06 - Housing | | – | – | – | – | – | – | – | | – | |
| Vote 07 - Health | | – | – | – | – | – | – | – | | – | |
| Vote 08 - Planning And Development | | 14 672 | 21 883 | 21 983 | 1 447 | 9 232 | 12 782 | (3 550) | -27.8% | 21 983 | Saving |
| Vote 09 - Community & Social Services | | 92 794 | 99 073 | 99 088 | 8 235 | 46 493 | 57 800 | (11 307) | -19.6% | 99 088 | Saving |
| Vote 10 - Electricity | | 685 774 | 565 506 | 563 374 | 54 510 | 398 358 | 329 037 | 69 320 | 21.1% | 563 374 | Overspendin |
| Vote 11 - Water Management | | 292 848 | 122 367 | 117 490 | 21 754 | 67 817 | 69 438 | (1 622) | -2.3% | 117 490 | Saving |
| Vote 12 - Waste Water Management | | 29 747 | 129 610 | 129 610 | 2 642 | 17 828 | 75 606 | (57 779) | -76.4% | 129 610 | Saving |
| Vote 13 - Waste Management | | 63 248 | 41 085 | 42 085 | 2 889 | 21 498 | 24 411 | (2 913) | -11.9% | 42 085 | Saving |
| Vote 14 - Road Transport | | 100 288 | 81 478 | 81 478 | 3 855 | 26 655 | 47 529 | (20 874) | -43.9% | 81 478 | Saving |
| Vote 15 - Other | | 12 262 | 12 563 | 12 563 | – | 201 | 7 329 | (7 127) | -97.3% | 12 563 | Saving |
| Total Expenditure by Vote | 2 | 1 631 087 | 1 382 469 | 1 385 436 | 113 941 | 745 281 | 807 159 | (61 878) | -7.7% | 1 385 436 | |
| Surplus/ (Deficit) for the year | 2 | (256 963) | 106 377 | 103 410 | (42 837) | (14 682) | 61 334 | (76 016) | -123.9% | 103 410 | 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 January 2026. An amount of R 44 645 934.98 billed in December 2025, amount of R12 ,249 million was paid towards Ermelo account for the month of January 2026. R6,356 million was paid towards the resale accounts.

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

**MSUKALIGWA LOCAL MUNICIPALITY**
**RESALE ACCOUNT FOR DECEMBER 2025**

| ACCOUNT NAME | ACCOUNT NUMBER | TOTAL BILLING | VAT AMOUNT | INTEREST | TOTAL DUE | PAID DATE | DUE DATE |
|---|---|---|---|---|---|---|---|
| BREYTEN KWAZANENELE | 8341001579 | 2 225 146.49 | 333 771.97 | | 2 558 918.46 | 2026/01/16 | 2026/01/23 |
| LOTHAIR | 7296044246 | 992 661.55 | 148 899.23 | | 1 141 560.78 | 2026/01/16 | 2026/01/19 |
| DAVEL KWADELA | 9657898907 | 854 566.59 | 128 184.99 | | 982 751.58 | 2026/01/16 | 2026/01/19 |
| BREYTEN TOWN | 9010981110 | 1 454 932.73 | 218 239.91 | | 1 673 172.64 | 2026/01/16 | 2026/01/19 |
| | | | | | | | |
| **TOTAL AMOUNT PAID** | | | | | **6 356 403.46** | | |

**PAYMENT MADE TO ERMELO ACCOUNT**

| ACCOUNT NAME | ACCOUNT NUMBER | AMOUNT PAID | PAYMENT DATE |
|---|---|---|---|
| ESKOM NEW | 6486432681 | 12 249 521.91 | 2026/01/29 |
| TOTAL AMOUNT PAID | | 12 249 521.91 | |

| ESKOM PAYMENT SCHEDULE 2425 | | | | | |
|---|---|---|---|---|---|
| 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 | R 1,099,303,921 | 42,120,564.23 | - | 0.00 | 1,141,424,484.84 |

The total amount woed to DWS as at 31 January 2026 is **R 1,311 billion.**

**The statement below reflect a balance of R 4 042 095.59 million in the Trading services account (Account opened for ring-fencing fund for the debt relief)**


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 Mavhiva
(087) 345-0990


805178 543345
*MSUKALIGWA LOCAL MUNICIPALITY
90 KERK AND TAUTE ST
ERMELO
2351

Customer VAT Registration Number Not Provided
Bank VAT Registration Number 4210102051

Public Sector Cheque Account : 63143810413
Tax Invoice/Statement Number : 9
Statement Period : 31 December 2025 to 31 January 2026
Statement Date : 31 January 2026

| Statement Balances | | Bank Charges | | Interest Rate | |
|---|---|---|---|---|---|
| Opening Balance | 4,026,820.51 Cr | Service Fees | 115.00 Dr | Credit Rate** | 4.50% |
| Closing Balance | 4,042,095.69 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 |
|---|---|---|---|---|
| 31 Jan | Int On Credit Balance | 15,283.18Cr | 4,042,210.69Cr | |
| 31 Jan | #Service Fees | 115.00 | 4,042,095.69Cr | |
| | Closing Balance | | 4,042,095.69Cr | |

Turnover for Statement Period

| | |
|---|---|
| No. Credit Transactions 1 | 15,300.18Cr |
| No. Debit Transactions 1 | 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: Fx R02
NS:EMAIL:DDA DB
8208

1268800

| Branch Number | Account Number | Date | DDA DEBIT/AVZZ/OOCL/BBL/EUR/N | Fx |
|---|---|---|---|---|
| 8208 | 63143810413 | 2026/01/31 | 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 January 2026 is 85%
- Colectrin rate for Water for the month ending 31 January 2026 is 51%

## 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

Municipal Details

| Province | Code | District | Municipality | Period Monitored | No Of Wards |
|---|---|---|---|---|---|
| Mpumalanga | MP302 | Gert Sibande | Msukaligwa | Jan-25 | 18 |

Collection Rate Assessment

| Aggregate Collection | Summary - Quarter 1 Billing | Collection | R - Billing not collected | % Collection | Q1 | Summary - Quarter 2 Billing | Collection | R - Billing not collected | % Collection | Q2 | Summary - Quarter 3 Billing | Collection | R - Billing not collected | % Collection | Q1 | Summary - Quarter 4 Billing | Collection | R - Billing not collected | % Collection | Q1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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% | | 68 995 161 | 45 316 602 | 23 678 559 | 66% | | - | - | - | #DIV/0 | |
| 2.Collection excl Eskom supplied areas | 46 082 870 | 39 323 765 | 6 759 086 | 85% | | 42 645 668 | 39 312 453 | 3 333 215 | 92% | | 14 396 720 | 12 241 988 | 2 154 732 | 85% | | - | - | - | #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% | | 20 354 310 | 15 718 692 | 4 635 618 | 77% | | - | - | - | #DIV/0 | |
| 4.Total average collection: Electricity | 68 990 075 | 57 825 361 | 11 164 714 | 84% | | 69 060 847 | 59 072 797 | 9 988 050 | 86% | | 21 048 544 | 17 859 560 | 3 188 983 | 85% | | - | - | - | #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% | | 11 156 515 | 5 725 398 | 5 431 117 | 51% | | - | - | - | #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% | | 6 209 602 | 2 993 999 | 3 215 603 | 48% | | - | - | - | #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% | | 5 394 342 | 2 103 952 | 3 290 390 | 39% | | - | - | - | #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% | | 4 831 849 | 915 001 | 3 916 848 | 19% | | - | - | - | #DIV/0 | |

| | |
|---|---|
| 1.Collection for whole demarcation | 66% |
| 2.Collection excl Eskom supplied areas | 85% |
| 3.Collection: Property Rates | 77% |
| 4.Total average collection: Electricity (Municipal supplied areas) | 85% |
| 5.Total average collection: Water | 51% |
| 6.Total average collection: Wastewater | 48% |
| 7.Total average collection: Refuse | 39% |
| 8.Total average collection: Interest | 19% |

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

- The reconciliation shows full alignment between the GV and MFS regarding property counts and market values. A total of 33,828 properties were recorded in both systems, with no discrepancies identified across all property categories.

- The total market value of R 29,03 billion is consistently represented in both the GV and MFS, ensuring the completeness and accuracy of the property base used for billing.

**Billing Reconciliation**

- The detailed reconciliation reveals that the monthly property rates billing for January 2026 amount to R 21,5 million, with a net variance of R11,30 between the GV and MFS.

- On a quarterly basis, total billing reaches R 64 million, with a net variance of R 33,90. These variances are minor and can be attributed to rounding differences, and do not suggest systemic errors.

- The reconciliation confirms that the property rates billing is accurate, complete, and reliable, with no significant discrepancies between the valuation roll and the billing system.

The municipality has reasonable assurance that the property rates revenue billed for January 2026 is backed by a credible and reconciled valuation base, in accordance with financial management practices.

# Property Rates Reconciliation

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

## Reconciliation Overview

### High Level Reconciliation

| Propety Categories | # of Properties | | | Market Values | | |
|---|---|---|---|---|---|---|
| | GV | MFS | Variance | GV Market Values | MFS Market Values | Variance |
| Residential | 26227 | 26227 | 0 | 11 249 144 801.00 | 11 249 144 801.00 | - |
| Industrial | 106 | 106 | 0 | 335 790 300.00 | 335 790 300.00 | - |
| Business and Comme | 835 | 835 | 0 | 3 291 653 200.00 | 3 291 653 200.00 | - |
| Agricultural | 2246 | 2246 | 0 | 11 694 019 600.00 | 11 694 019 600.00 | - |
| Mining | 92 | 92 | 0 | 67 270 000.00 | 67 270 000.00 | - |
| State Owned for Pub | 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 | 3354 | 3354 | 0 | 534 126 020.00 | 534 126 020.00 | - |
| POW | 2 | 2 | 0 | 94 700 000.00 | 94 700 000.00 | - |
| Municipal | 0 | 0 | 0 | - | - | - |
| Other | 0 | 0 | 0 | - | - | - |
| | 33828 | 33828 | 0 | 29 030 288 821.00 | 29 030 288 821.00 | - |

### Detailed Reconciliation

| Propety Categories | Monthly Billing | | | Quarterly | | |
|---|---|---|---|---|---|---|
| Propety Categories | GV | MFS | Variance | GV | MFS | Variance |
| Residential | 7 117 166 | 7 117 164 | 2 | 21 351 497.81 | 21 351 492.08 | 5.73 |
| Industrial | 763 440 | 763 439 | 1 | 2 290 318.66 | 2 290 316.58 | 2.07 |
| Business and Comme | 7 513 287 | 7 513 280 | 7 | 22 539 860.91 | 22 539 840.51 | 20.40 |
| Agricultural | 2 404 380 | 2 404 380 | - 0 | 7 213 140.09 | 7 213 140.28 | - 0.19 |
| Mining | 153 725 | 153 725 | 0 | 461 175.93 | 461 175.51 | 0.42 |
| State Owned for Pub | 2 664 207 | 2 664 205 | 2 | 7 992 621.63 | 7 992 614.39 | 7.23 |
| PSI | 15 220 | 15 219 | 0 | 45 659.52 | 45 658.23 | 1.29 |
| PBO | 4 171 | 4 171 | - 0 | 12 513.78 | 12 513.96 | - 0.18 |
| Multi Use | - | - | - | - | - | - |
| Vacant | 702 202 | 702 203 | - 1 | 2 106 607.35 | 2 106 610.21 | - 2.86 |
| POW | 9 669 | 9 669 | - 0 | 29 006.98 | 29 006.99 | - 0.01 |
| Municipal | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total | R21 347 467.55 | R21 347 456.25 | R11.30 | 64 042 402.64 | 64 042 368.75 | 33.90 |

**Prepared By** Nomusa Zulu — Date 2026/02/04

Contatct Details

**Signature**

**Reviewed By** Ntombifuthi Mkhaliphi — Date 2026/02/05

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**

***Select Assessor***

**Certificate of Compliance: Municipal Debt Relief Conditions for Application**

| | |
|---|---|
| **Period** | Jan '26 |
| **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 the owner of the asset to remain the account holder in their name | | |
| 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://fguploadportal.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://fguploadportal.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/Guideline1/Page1/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 91 percent (%) of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should also be 91 percent of the 2025/26 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 the 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 FBP, a separate budget funding plan is not necessary. However, the PT / NT must assess whether the existing FBP incorporates / will be effective to funded MTREF. If not, the FBP 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)?<br>*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 | |
| 15 | 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 – Can the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrate, 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?<br>*Note – the municipality's monthly MFMA s 71 statement must include as part of the narratives the indigent alleviation in the required NT format* | Yes | |
| | 6.6 | Supporting evidence: The National Treasury may call for provincial treasury's tabled budget that must clearly indicate the municipality's revised MTREF's electricity budget volumes and tariffs aligned/ in accordance 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* | | |
| | 6.7.2 | - If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, **has the municipality demonstrated to the satisfaction of National Treasury the following :** | | |
| 20 | 6.7.2.1 | * the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1 | 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?<br>*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://fguploadportal.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?<br>*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 – although the municipality will be required to comply with the FRP reporting requirements of the MFRS, failure to comply with the Debt Relief conditions will not result in the municipality being disqualified from the Debt Relief benefits | | |
| | 6.10 | Provincial Treasury Note – Provincial Treasury certification of municipality's compliance in terms of section 5 and 7 of the MFRSA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief benefits | | |
| 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?<br>*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 – time R1 (one) to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.11 | | |
| 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 municipal's initial or any subsequent benefit in terms of the municipal debt support programme (refer item 9.1 of 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, existing multi-year or overdraft facilities for working purposes are not considered within the ambit of the 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 required in the specific circumstances, will a request be made by the Minister of Finance to the municipality's request to exempt the municipality from S71(1)(a-d) | | |

| | | | | |
|---|---|---|---|---|
| 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 SERA Circular no. 121 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 licence in terms of section 11 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 water support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies and practices 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:** 11-Feb-26

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

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

National Treasury

**Municipal Debt Relief**

**MFMA Circular No. 124**

**Municipal Finance Management Act No. 56 of 2003**

| Province | | |
|---|---|---|
| MP | | |
| Code | District | ode Descripti |
| MP302 | Gert Sibande | Msukaligwa |

## Monthly Performance Report

| Municipal Details | | | Part A | | | | | | Part B | | | | | Part C | | | Part D | | | | Part C | | | | | | | Maximization of Revenue Base | | | Part E | | | | | | | | | | | | | | | Part F | Month applicable |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Eskom And Bulk water current account | | | | | | Compliance with a funded MTREF | | | | | FRP/BFP & Tariff Assessment | | | Electricity and water as collection tools | | | | Quarterly collection of property rates and services charges | | | | | | | | | | 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 | Msukaligwa | MP302 | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes | N/A | 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 | Msukaligwa | 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 | Msukaligwa | 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 | No | No | Yes | Yes | Yes | Yes | No | 83% | Non Compliance | Yes |
| 4.October | Msukaligwa | 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 | Msukaligwa | 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 | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | 90% | Non Compliance | Yes |
| 6.December | Msukaligwa | 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 | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | 90% | Non Compliance | Yes |
| 7.January | Msukaligwa | 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 | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | 90% | Non Compliance | Yes |
| 8.February | Msukaligwa | MP302 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0% | Non Compliance | Yes |
| 9.March | Msukaligwa | MP302 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0% | Non Compliance | Yes |
| 10.April | Msukaligwa | MP302 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0% | Non Compliance | Yes |
| 11.May | Msukaligwa | MP302 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0% | Non Compliance | Yes |
| 12.June | Msukaligwa | MP302 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0% | Non Compliance | Yes |

| | | Comments/Motivation |
|---|---|---|
| HOD Name: | MR. M. KUNENE | |
| Signature of HOD: | | |
| Date: | 11-Feb-26 | |

*** 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 |
| 60-99% | Moderate Compliance |
| | 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 | No | No | No | N/A | N/A | No | No | No | Yes | No | No | No | No | No | No | Yes | Yes | 28% | Not Compliant |
| 2.August 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | No | No | No | Yes | No | No | No | No | No | No | Yes | Yes | 28% | Not Compliant |
| 3.September 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | No | Yes | No | No | No | No | No | No | Yes | Yes | 39% | Not Compliant |
| 4.October 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | No | Yes | No | No | No | No | No | No | Yes | Yes | 39% | Not Compliant |
| 5.November 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | Yes | Yes | No | No | No | No | No | Yes | Yes | Yes | 50% | Not Compliant |
| 6.December 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | Yes | Yes | No | No | No | No | No | Yes | Yes | Yes | 50% | Not Compliant |
| 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 |
| May 2026 | Complete demarcation Code ab | Search | | | | | | | | | | | | | | | | | | | 0% | Not Compliant |
| 12. June 2026 | Complete demarcation Code ab | Search | | | | | | | | | | | | | | | | | | | 0% | Not Compliant |

| | |
|---|---|
| PT: HOD/ NT / MM Name: | Ms Gugu Mashiteng |
| Signature of PT: HOD/ NT/ MM: | |
| Date: | 28/01/2026 |

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.


National Treasury

**Water Debt Relief**

**Water Debt Relief Guideline**

**Municipal Finance Management Act No. 56 of 2003**

| Legend | |
|---|---|
| | Complied |
| 60-99% | Moderate Compliance |
| | 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 |
| .July 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | No | No | No | Yes | No | No | No | No | No | No | Yes | Yes | 28% | Not Compliant |
| 2.August 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | No | No | No | Yes | No | No | No | No | No | No | Yes | Yes | 28% | Not Compliant |
| 3.September 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | No | Yes | No | No | No | No | No | No | Yes | Yes | 39% | Not Compliant |
| 4.October 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | No | Yes | No | No | No | No | No | No | Yes | Yes | 39% | Not Compliant |
| 5.November 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | Yes | Yes | No | No | No | No | No | Yes | Yes | Yes | 50% | Not Compliant |
| 6.December 2025 | Maukaligwa | MP302 | No | No | No | No | N/A | N/A | Yes | Yes | Yes | Yes | No | No | No | No | No | Yes | Yes | Yes | 50% | Not Compliant |
| 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 |
| 12. June 2026 | Complete demarcation Code ab | Search | | | | | | | | | | | | | | | | | | | 0% | Not Compliant |

| | |
|---|---|
| PT: HOD/ NT / MM Name: | Ms Gugu Mashiteng |
| Signature of PT: HOD/ NT/ MM: | |
| Date: | 28/01/2026 |

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.

## 16. 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 31 January 2026 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

**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** | **Jan-26** |
| **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 |
|---|---|---|---|---|
| | 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) | | |
| 1 | 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 | |
| 2 | 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 | |
| 3 | 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://lguploadportal.treasury.gov.za by the 10th working day of the month following the invoice date (in PDF format)? | Yes | |
| 4 | 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 | |
| | 7.2 | Accounting Treatment and mSCOA Reporting | | |
| 5 | 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 | |
| 6 | 7.2.1 | Did the municipality account for any related benefit (e.g. interest suppression, etc.) and does such align with mSCOA? | Yes | |

| | | | | |
|---|---|---|---|---|
| | 7.3 | Monitor and report on implementation – | | |
| 7 | 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 | |
| 8 | 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 | |
| | 7.3.1 | Does the municipality's MFMA section 71 statement for the month being assessed - | | |
| 9 | 7.3.1.2 | Part A: include the municipality's progress against its approved funded budget? | Yes | |
| 10 | 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 | |
| 11 | 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 | |
| 12 | 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 | |
| 13 | 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 | |
| 14 | 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 | |
| 15 | 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 | |
| | | Municipalities with financial recovery plans (FRP) | | |
| 16 | 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 | |
| 17 | 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 | |
| 18 | 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 | |

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

**Signature of PT: HOD/ NT/ MM:**

**Date:** 11-Feb-26

*** 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*

15. **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 **M07 Section 71 Monthly Report** ending **31 January 2026,** 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:** **12 February 2025**