



## **SECTION 71 REPORT FOR THE MONTH OF DECEMBER 2025**

**DISTRIBUTION:**

Executive Mayor:	<b>Cllr Mareen Magubane</b>
Municipal Manager:	<b>Dr. Elphas Dladla</b>
Chief Financial Officer:	<b>Mr. Ntando Duma</b>
Sector Departments:	<b>Mpofana Local Municipality</b>

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## **PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 DECEMBER 2025**

**TO:** THE EXECUTIVE MAYOR

**FROM:** THE DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE

### **1. Purpose**

To inform the council of financial performance and financial position of the municipality as required by section 71 of the Municipal Finance Management Act (MFMA).

### **2. Background**

In terms of Section 71 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as a MFMA), requires the Accounting Officer of a Municipality must by no later than 10 working days of after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on state of the municipality's budget reflection the particular for the 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 local government equitable share and
  - (ii) Allocation exempt by annual Division of Revenue Act from compliance with this paragraph
- (g) When necessary an explanation of
  - (i) Any material variance from the municipality's projected revenue by source and from the municipality's expenditure projections per vote.
  - (ii) any material variance from the service delivery implementation plan and
  - (iii) any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipality's approved budget.

### **3. Executive summary**

The application of sound financial management principles for the compilation of Mpofana Local Municipality's financial plan is essential and critical to ensure that the municipality recovers from the financial distress without compromising the service delivery and core competencies of the municipality. The communities are still expecting high quality of service more especially the basic services.

This informed by the assessment that was done by KZN Provincial Treasury on the adopted budget. MFMA section 23(1) b states that the municipal council must consider any views of the national treasury, the relevant provincial treasury and any provincial or national organ of the state or municipalities which made submissions on the budget.

The main challenges experienced during the implementation for the 2025/26 MTREF can be summarized as follows:

- The municipality does not have cash reserves to fund its budget;
- Low collection levels of outstanding debtors;
- High indigent rate and inability of the municipality to fund indigent.
- Local economic deficiency and lack of municipality ability to attract adequate investment.
- Aging and poorly maintained infrastructure with regards to payment of municipal services such as electricity.
- Capital projects can only be funded from grants, no internal funds;
- Long outstanding creditors more specifically the Eskom account; and
- Challenges in the implementation of the *mSCOA*.

#### **4. Budget performance overview**

The MFMA S71 monthly statement format incorporates the monthly debt relief reporting requirements as required in the respective National Treasury debt relief approval letter, as well as MFMA Circular 124".

The municipality's application for municipal debt relief was approved with effect 1 October 2023.

The 2025/2026 MTREF Budget was assessed by KZN PT as unfunded, and a Funding Plan was subsequently developed and has been adopted by Council on 30 May 2025.

#### **For consideration for Budget funding plan for the month for December 2025 is:**

(a) The Revenue Trend Analysis Report for December 2025, was compiled by the revenue unit in December 2025. The purpose was to report on Debtors management (Analysis of Debtors); Credit Control (Status of Cut-offs, Revenue protection, Electricity Losses & Collection rate); Revenue training received by the revenue unit; Status quo on Reconciliations to date; and making recommendations accordingly. **Attachment 1**

### **Current status of municipal affordability**

The period between April 2023 – November 2025, was chosen, and necessary data analysed from applicable C schedules, payment & expenditure reports, to document the value of municipal Electricity Bulk purchases, amounts billed, as well as cash collected.

It was observed that from the total value of bulk purchases of **R 207 033 746.66**, a significant portion from bulk purchases **R 82 358 512.50 (40%)** is not billed, which automatically hampers the municipal's ability to receive adequate revenue to pay the bulk purchases in full.

Furthermore, the total billed for electricity is **R 124 675 234.16**, and total cash collection is **R 105 779 095.76 (i.e. 85%)**. The impact of the low collection rate of **85%**, in relation to Bulk Purchases, is that cash collected is insufficient, and further impacts the municipal's ability to adequately maintain the bulk purchases in full.

In addition, the municipality was unable to make payment of **R 1 500 000** in November 2025.

It has also been observed that when fixed costs (employee costs, fuel & repairs & maintenance) are considered, it equates to **R 47 412 198.70**. Repairs & Maintenance comprises R 27 369 224.58 (**i.e. 58%**) of total fixed costs. This represents an average of **R 1 481 m** per month over **32** months, which clearly indicates the poor state of electricity infrastructure. It is evident that the fixed costs are significant, which places extremely high pressure on cash flow commitments of the municipality.

For November 2025, the electricity losses in units were **6 782 840.24**, which equates to electricity losses of **R 18 809 964.76**. The above further illustrates the municipal's inability to maintain the current account to Eskom.

The additional impact is that the municipality is simply unable to afford the Interest charges raised of **R 73 064 289.40**, as the municipality does not have the financial means to at a minimum adequately maintain the bulk purchases in full.

The Mpofana LM's Annual budget for 2024/25 & 2025/26 was assessed as unfunded, which indicates the financial distress it faces, and requires the application of sound financial management principles for the implementation of the Budget Funding Plan.

In terms of the aged debtors from the C schedule, November 2025, it indicates that the total amount of debtors owing the municipality is **R 180 938 m**. The impact of the high debtors outstanding, significantly impacts the municipality's ability to pay creditors, and also maintain the current account with Eskom.

After considering all of the factors outlined above, the municipality is therefore not in a position to adequately maintain the current account, as at **November 2025**.

## **Electricity Losses**

The following provides an overview of Electricity Losses for December 2025

<b>DECEMBER 2025 ELECTRICITY LOSSES</b>						
	<b>KW - UNITS</b>					
	<b>Purchases for 25/26</b>	<b>Sold to Conventional</b>	<b>Sold to Prepaid</b>	<b>Electricity Loss</b>	<b>Sale per unit</b>	<b>Rand Value Lost R</b>
Energy Peak	3,134,747.84	838,049.00	0	2,296,698.84	5.37	12,342,516.98
Energy Std	6,824,730.12	1,361,016.00	4,789,052.60	674,661.52	2.90	1,957,793.04
Energy Off	6,397,882.88	1,438,957.00	0	4,958,925.88	1.47	7,305,861.53
	<b>16,357,360.84</b>	<b>3,638,022.00</b>	<b>4,789,052.60</b>	<b>7,930,286.24</b>		<b>21,606,171.55</b>
			<b>Loss %</b>	<b>48.48%</b>		

### **Key Observations:**

- Total Units purchased is 16 357 360
- Total Units sold – Conventional 3 638 022 **(i.e. 23%)**
- Total Units sold – Prepaid 4 789 052 **(i.e. 29%)**
- Total electricity loss in Units – **7 930 286 (i.e. 48,48 %)**

**For a detailed overview of the Budget performance, refer to Annexure A – C Schedules, and for compliance to conditions of Municipal Debt relief**

Description	Summary for Financial Period ended December 2025				
	Full Year Budget Adopted 2025/26	Pro Rata Budget December 2025	YTD Actual December 2025	YTD Variance Amount December 2025	YTD percentage
<b>Total Revenue:</b>	<b>R 209,053,554</b>	<b>R 109,353,318</b>	<b>R 94,440,710</b>	<b>R 14,912,608</b>	<b>101.05%</b>
Revenue - Operational	R 192,888,454	R 101,270,766	R 85,249,543	R 16,021,223	44.20%
Revenue - Capital	R 16,165,100	R 8,082,552	R 9,191,167	R -1,108,615	56.86%
<b>Total Expenditure:</b>	<b>R 200,352,646</b>	<b>R 100,176,372</b>	<b>R 124,756,891</b>	<b>R -24,580,519</b>	<b>137.12%</b>
Expenditure - Operational	R 186,369,733	R 93,184,914	R 114,147,294	R -20,962,380	61.25%
Expenditure - Capital	R 13,982,913	R 6,991,458	R 10,609,597	R -3,618,139	75.88%
<b>Surplus/(Deficit)</b>	<b>R 8,700,908</b>	<b>R 9,176,946</b>	<b>-30,316,181</b>	<b>39,493,127</b>	

The above table gives the consolidated overview of the Budget Projections and Actual Performance on Operating Revenue of R85,2 million or 44% of Operational revenue and Capital revenue of R9,1 million or 56% of Budgeted Capital Revenue.

The municipality has incurred Operational Expenditure of R114,1 million or 61% and Capital expenditure of R10,6 million or 75% as at month ending 31 December 2025.

## 4.1 Operating Revenue by Source

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		54,021	65,535	-	4,377	28,985	32,768	(3,783)	-12%	65,535
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		5,473	6,513	-	506	3,050	3,256	(206)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	-	28	133	89	44	49%	250
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(175)	2,636	-	-	(14)	1,318	(1,332)	-101%	2,636
Interest from Current and Non Current Assets		559	616	-	-	188	308	-	-	616
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		192	196	-	12	124	98	26	27%	196
Licence and permits		4,858	5,429	-	299	1,952	2,715	(763)	-28%	5,429
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1,099	9,088	-	26	139	4,529	(4,390)	-97%	9,088
<b>Non-Exchange Revenue</b>										
Property rates		17,173	26,719	-	1,551	9,186	18,237	(9,051)	-50%	26,719
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,469	8,371	-	505	1,789	4,186	(2,397)	-	8,371
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		61,367	57,724	-	15,260	39,717	28,862	10,855	-	57,724
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	9,810	-	-	-	4,905	(4,905)	-	9,810
Other Gains		31	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>150,212</b>	<b>192,888</b>	<b>-</b>	<b>22,564</b>	<b>85,250</b>	<b>101,271</b>	<b>(16,021)</b>	<b>-16%</b>	<b>192,888</b>

### Revenue by Source

Actual revenue vs Approved budgeted revenue – The total approved Operational Revenue budget is R192,8 million. The municipality recognized a monthly actual revenue of R22,5 million or 11% and YTD of R85,2 million or 44% of budgeted operational revenue for the month ending 31 December 2025.

## 4.2 Operating Expenditure by Type

KZN223 Mpofana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November										
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										
<b>Expenditure By Type</b>										
Employee related costs		71,211	62,010	-	5,808	35,346	31,005	4,341	14%	62,010
Remuneration of councillors		3,537	4,057	-	407	4,506	2,029	2,478	122%	4,057
Bulk purchases - electricity		81,004	71,910	-	5,327	44,080	35,955	8,125		71,910
Inventory consumed		9,883	8,800	-	28	717	4,400	(3,683)		8,800
Debt impairment		(396)	8,757	-	-	-	4,379	(4,379)	-100%	8,757
Depreciation and amortisation		14,918	10,894	-	-	-	5,447	(5,447)	-100%	10,894
Interest		23,459	-	-	2,630	15,888	-	15,888	#DIV/0!	-
Contracted services		24,734	6,435	-	398	5,894	3,217	2,677	83%	6,435
Transfers and subsidies		64	-	-	-	-	-	-		-
Irrecoverable debts written off		-	-	-	-	-	-	-		-
Operational costs		36,214	13,507	-	594	7,717	6,754	963	14%	13,507
Losses on Disposal of Assets		5,901	-	-	-	-	-	-		-
Other Losses		116	-	-	-	-	-	-		-
<b>Total Expenditure</b>		<b>270,645</b>	<b>186,370</b>	<b>-</b>	<b>15,192</b>	<b>114,147</b>	<b>93,185</b>	<b>20,962</b>	<b>22%</b>	<b>186,370</b>

### Operating Expenditure by type

- Actual expenditure vs Approved budget expenditure – the municipality incurred monthly expenditure of R15,1 million or 8% and YTD of R114,1 million or 61% of the budgeted expenditure as at end of 31 December 2025.

### 4.3 Capital expenditure

KZN223 Mpfana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December										
Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		202	-	-	-	31	-	31	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		202	-	-	-	31	-	31	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		15,046	332	-	-	1,850	166	1,684	1016%	332
Community and social services		14,182	-	-	-	1,850	-	1,850	#DIV/0!	-
Sport and recreation		864	332	-	-	-	166	(166)	-100%	332
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		(21,565)	11,116	-	1,566	8,729	5,558	3,171	57%	11,116
Planning and development		-	-	-	-	53	-	53	#DIV/0!	-
Road transport		(21,565)	11,116	-	1,566	8,676	5,558	3,118	56%	11,116
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	2,535	-	-	-	1,268	(1,268)	-100%	2,535
Energy sources		-	2,535	-	-	-	1,268	(1,268)	-100%	2,535
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	(6,317)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983
<b>Funded by:</b>										
National Government		(7,729)	13,983	-	871	8,810	6,991	1,818	26%	13,983
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		(7,729)	13,983	-	871	8,810	6,991	1,818	26%	13,983
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		2,227	-	-	695	1,800	-	1,800	#DIV/0!	-
<b>Total Capital Funding</b>		(5,502)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983

- The has spent R1,5 million or 11% and YTD of R10,6 million or 75% of budgeted capital expenditure has been spent as at the end of 31 December 2025.

#### 4.4 Cash Flow Statement December 2025

CASH FLOW STATEMENT FOR DECEMBER 2025					
<b>Balance b/f</b>	<b>901,422.92</b>	<b>955,110.29</b>	<b>1,402,396.99</b>	<b>-6,397,335.67</b>	<b>-8,496,215.42</b>
<b>Receipts</b>					
Operating Receipts	56,487.40	1,812,607.40	3,715,635.81	1,287,003.90	14,670,324.80
Capital Receipts	-	-	2,835,000.00	-	-
	<b>56,487.40</b>	<b>1,812,607.40</b>	<b>6,550,635.81</b>	<b>1,287,003.90</b>	<b>14,670,324.80</b>
<b>Payments</b>					
Critical operating payments	- 2,800.03	- 1,365,320.70	- 10,030,368.47	- 1,469,401.39	- 559,626.90
Current contracted Capital payments	-	-	-4,320,000.00	-1,916,482.26	-4,534,909.28
	<b>- 2,800.03</b>	<b>- 1,365,320.70</b>	<b>- 14,350,368.47</b>	<b>- 3,385,883.65</b>	<b>- 5,094,536.18</b>
<b>Balance</b>	<b>955,110.29</b>	<b>1,402,396.99</b>	<b>- 6,397,335.67</b>	<b>- 8,496,215.42</b>	<b>1,079,573.20</b>

- Municipality has the positive cash balance of R1,079 million from the Primary bank at end of December 2025.

## 5. In-year budget statement tables

KZN223 Mpfana - Table C1 Monthly Budget Statement Summary - M06 December

Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	17,173	26,719	-	1,551	9,186	18,237	(9,051)	-50%	26,719
Service charges	59,494	72,048	-	4,884	32,035	36,024	(3,989)	-11%	72,048
Investment revenue	559	616	-	-	188	308	(119)	-39%	616
Transfers and subsidies - Operational	61,367	57,724	-	15,260	39,717	28,862	10,855	38%	57,724
Other own revenue	11,620	35,781	-	870	4,123	17,840	(13,717)	-77%	35,781
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>150,212</b>	<b>192,888</b>	<b>-</b>	<b>22,564</b>	<b>85,250</b>	<b>101,271</b>	<b>(16,021)</b>	<b>-16%</b>	<b>192,888</b>
Employee costs	71,211	62,010	-	5,808	35,346	31,005	4,341		62,010
Remuneration of Councillors	3,537	4,057	-	407	4,506	2,029	2,478		4,057
Depreciation and amortisation	14,918	10,894	-	-	-	5,447	(5,447)		10,894
Interest	23,459	-	-	2,630	15,888	-	15,888		-
Inventory consumed and bulk purchases	90,887	80,710	-	5,355	44,797	40,355	4,442		80,710
Transfers and subsidies	64	-	-	-	-	-	-		-
Other expenditure	66,569	28,699	-	992	13,611	14,349	(738)	-5%	28,699
<b>Total Expenditure</b>	<b>270,645</b>	<b>186,370</b>	<b>-</b>	<b>15,192</b>	<b>114,147</b>	<b>93,185</b>	<b>20,962</b>	<b>22%</b>	<b>186,370</b>
<b>Surplus/(Deficit)</b>	<b>(120,433)</b>	<b>6,519</b>	<b>-</b>	<b>7,372</b>	<b>(28,898)</b>	<b>8,086</b>	<b>(36,984)</b>	<b>-457%</b>	<b>6,519</b>
Transfers and subsidies - capital (monetary allocations)	28,149	16,165	-	1,801	9,191	8,083	1,109	14%	16,165
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(92,284)</b>	<b>22,684</b>	<b>-</b>	<b>9,173</b>	<b>(19,707)</b>	<b>16,168</b>	<b>(35,875)</b>	<b>-222%</b>	<b>22,684</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>(92,284)</b>	<b>22,684</b>	<b>-</b>	<b>9,173</b>	<b>(19,707)</b>	<b>16,168</b>	<b>(35,875)</b>	<b>-222%</b>	<b>22,684</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>(6,317)</b>	<b>13,983</b>	<b>-</b>	<b>1,566</b>	<b>10,610</b>	<b>6,991</b>	<b>3,618</b>	<b>52%</b>	<b>13,983</b>
Capital transfers recognised	(7,729)	13,983	-	1,566	9,505	6,991	2,514	36%	13,983
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	2,227	-	-	-	1,104	-	1,104	#DIV/0!	-
<b>Total sources of capital funds</b>	<b>(5,502)</b>	<b>13,983</b>	<b>-</b>	<b>1,566</b>	<b>10,610</b>	<b>6,991</b>	<b>3,618</b>	<b>52%</b>	<b>13,983</b>
<b>Financial position</b>									
Total current assets	248,635	155,362	-	-	264,254				155,362
Total non current assets	217,531	302,601	-	-	228,140				302,601
Total current liabilities	758,670	563,683	-	-	804,605				563,683
Total non current liabilities	94,840	35,347	-	-	94,840				35,347
Community wealth/Equity	(387,344)	(141,067)	-	-	(407,051)				(141,067)
<b>Cash flows</b>									
Net cash from (used) operating	692,281	7,520	-	21,359	136,093	191,347	55,254	29%	7,520
Net cash from (used) investing	17,858	(16,157)	-	(1,566)	(10,610)	8,078	18,688	231%	(16,157)
Net cash from (used) financing	-	-	-	-	-	-	-		-
<b>Cash/cash equivalents at the month/year end</b>	<b>712,386</b>	<b>(4,802)</b>	<b>-</b>	<b>19,793</b>	<b>133,910</b>	<b>203,260</b>	<b>69,350</b>	<b>34%</b>	<b>-</b>
<b>Debtors &amp; creditors analysis</b>									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis</b>									
Total By Income Source	5,299	4,762	2,629	3,481	824	1,624	8,588	156,052	183,258
<b>Creditors Age Analysis</b>									
Total Creditors	2,234	8,078	7,379	10,995	14,929	5,642	72,621	583,049	704,926

## 6. Debtors' Analysis

KZN223 Mpfana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December												
Description	NT Code	Budget Year 2025/26									Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total		
<b>R thousands</b>												
<b>Debtors Age Analysis By Income Source</b>												
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,725	1,598	-	1,587	1	5	-	149	5,066	1,742	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,345	1,064	1,143	969	1,016	956	5,206	46,759	58,458	54,906	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	563	541	522	509	488	488	3,018	29,810	35,940	34,314	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	15	12	10	10	(956)	18	37	1,116	262	225	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	(2)	(11)	(14)	(14)	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-
Other	1900	1,650	1,546	955	405	274	157	329	78,229	83,547	79,395	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5,299</b>	<b>4,762</b>	<b>2,629</b>	<b>3,481</b>	<b>824</b>	<b>1,624</b>	<b>8,588</b>	<b>156,052</b>	<b>183,258</b>	<b>170,568</b>	<b>-</b>
<b>2024/25 - totals only</b>												
<b>Debtors Age Analysis By Customer Group</b>												
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-
Other	2500	5,299	4,762	2,629	3,481	824	1,624	8,588	156,052	183,258	170,568	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>5,299</b>	<b>4,762</b>	<b>2,629</b>	<b>3,481</b>	<b>824</b>	<b>1,624</b>	<b>8,588</b>	<b>156,052</b>	<b>183,258</b>	<b>170,568</b>	<b>-</b>

- Debtors age analysis as at 31 December 2025 has a balance of R 183,2 million.

## 7. Creditors' Analysis

KZN223 Mpfana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December											
Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days - 1 Year	Over 1 Year	Total	
<b>R thousands</b>											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	3,508	8,401	8,047	11,258	13,491	7,047	66,854	581,398	700,004	700,004
Auditor General	0800	(500)	(250)	-	-	-	-	767	413	430	430
Other	0900	(773)	(73)	(669)	(264)	1,438	(1,405)	4,999	1,238	4,492	4,492
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>2,234</b>	<b>8,078</b>	<b>7,379</b>	<b>10,995</b>	<b>14,929</b>	<b>5,642</b>	<b>72,621</b>	<b>583,049</b>	<b>704,926</b>	<b>704,926</b>

- The municipality has an outstanding Creditors balance of R704,9 million as at 31 December 2025 of which 93% of creditors belongs to Eskom bulk electricity.



## 10. Councillor allowances and employee benefits.

### Councillors Remuneration July To December 2025

#### Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Total
SALARY	332,169.49	341,138.07	341,138.07	341,138.07	341,138.07	341,138.07	2,037,859.84
CELL_ALLO_COUNC	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	216,000.00
BACKPAY_100	1,271,892.61	853,554.02	-	-	-	-	2,125,446.63
<b>*TOT:EARN</b>	<b>1,640,062.10</b>	<b>1,230,692.09</b>	<b>377,138.07</b>	<b>377,138.07</b>	<b>377,138.07</b>	<b>377,138.07</b>	<b>4,379,306.47</b>
SDL	16,011.79	11,918.07	3,154.42	3,154.42	3,154.42	3,154.42	40,547.54
UIF	1,771.20	1,771.20	1,771.20	1,771.20	1,771.20	1,771.20	10,627.20
MED_AID_LAHEALT	2,431.20	2,431.20	-	-	-	-	4,862.40
<b>*TOT:CC</b>	<b>20,214.19</b>	<b>16,120.47</b>	<b>4,925.62</b>	<b>4,925.62</b>	<b>4,925.62</b>	<b>4,925.62</b>	<b>56,037.14</b>
<b>Total</b>	<b>1,660,276.29</b>	<b>1,246,812.56</b>	<b>382,063.69</b>	<b>382,063.69</b>	<b>382,063.69</b>	<b>382,063.69</b>	<b>4,435,343.61</b>

- The municipality has incurred the monthly remuneration of councillors of R382 thousand and YTD of R4,4 million as at end of December 2025.

**Staff cost July to December 2025**

**Employee 12 Month Report - Totals**

<b>Defcode</b>	<b>Jul 2025</b>	<b>Aug 2025</b>	<b>Sep 2025</b>	<b>Oct 2025</b>	<b>Nov 2025</b>	<b>Dec 2025</b>	<b>Total</b>
SALARY	3,604,564.03	3,626,862.59	3,660,903.92	3,660,903.92	3,677,311.23	3,677,311.23	21,907,856.92
OTIME_1_5	87,263.48	96,274.38	99,020.75	96,621.15	106,609.51	58,720.33	544,509.60
OTIME_2_0	71,395.21	106,892.55	94,786.76	119,286.49	108,622.04	85,148.60	586,131.65
EXTRA_SALARY	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	48,000.00
DIRT_ALLOW	3,150.00	2,750.00	2,400.00	3,100.00	3,300.00	2,400.00	17,100.00
CAR_TRAVEL_80	88,491.28	88,491.28	88,491.28	88,491.28	88,491.28	88,491.28	530,947.68
CAR_TRAVEL_100	43,000.00	43,000.00	43,000.00	43,000.00	43,000.00	43,000.00	258,000.00
UNPAID_LEAVE	-	-	-	(6,200.45)	(5,818.06)	(7,938.92)	(19,957.43)
REIMB_KM_NONTAX	11,417.94	16,247.42	25,319.26	28,913.81	26,007.67	27,934.32	135,840.42
STANDBY_NORM	175,669.40	199,120.08	201,129.80	171,333.65	193,176.08	173,715.33	1,114,144.34
CELL_TELE_ALLOW	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	6,000.00
ACTING_ALLOW	-	-	1,740.09	6,518.66	6,518.66	6,518.66	21,296.07
BACKPAY_100	-	-	1,393.36	-	6,518.40	-	7,911.76
ANNUAL_BONUS	129,414.08	228,715.12	337,808.55	272,321.24	184,451.90	301,666.96	1,454,377.85
HOUSING_742	15,157.16	15,157.16	15,157.16	15,157.16	15,157.16	15,157.16	90,942.96
HOUSING_5000	35,445.61	35,445.61	35,445.61	35,445.61	35,445.61	35,445.61	212,673.66
LONGSERVICE_TAX	-	-	43,947.98	126,549.44	170,417.31	-	340,914.73
DANGER_ALLOW	6,650.00	6,650.00	6,650.00	6,650.00	6,650.00	6,650.00	39,900.00
SHIFT_ALLOWANCE	54,568.78	54,568.78	54,568.78	54,568.78	54,568.78	54,568.78	327,412.68
VH_TAX_80	825.69	825.69	825.69	825.69	825.69	825.69	4,954.14
LONGSERVICE_NT	-	20,130.53	-	-	17,525.33	-	37,655.86
<b>*TOT:EARN</b>	<b>4,336,012.66</b>	<b>4,550,131.19</b>	<b>4,721,588.99</b>	<b>4,732,486.43</b>	<b>4,747,778.59</b>	<b>4,578,615.03</b>	<b>27,666,612.89</b>
SDL	43,198.05	45,054.07	46,833.90	46,868.92	46,869.94	45,363.94	274,188.82
UIF	23,663.54	23,761.99	23,841.59	23,778.76	23,859.30	23,801.44	142,706.62
PENS_SUPE_28_25	176,009.53	176,009.53	184,450.54	187,678.25	184,450.54	184,450.54	1,093,048.93
PROV_FD_CC_9_75	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	12,758.28
MED_AID_LAHEALT	215,084.66	214,655.06	216,534.86	216,534.86	216,534.86	216,534.86	1,295,879.16
MED_AID_BONITAS	12,590.95	11,455.37	10,088.75	12,590.95	12,590.95	12,590.95	71,907.92
PENS_RETA_53_37	7,555.03	7,555.03	7,555.03	7,555.03	7,555.03	7,555.03	45,330.18
PENS_SALA_DB_20	168,838.35	168,838.35	169,563.13	169,563.13	169,563.13	169,563.13	1,015,929.22
SALGA_LEVY	1,720.80	1,732.75	1,732.75	1,732.75	1,744.70	1,744.70	10,408.45
MED_AID_KEYHEAL	9,211.80	9,211.80	9,211.80	9,211.80	9,211.80	9,211.80	55,270.80
MED_AID_SAMWUME	84,266.90	84,338.90	81,911.30	76,076.95	76,076.95	78,475.75	481,146.75
MED_AID_HOSMED	7,135.15	7,135.15	7,604.95	7,135.15	7,135.15	7,135.15	43,280.70
PENS_SALA_DC_20	202,642.79	202,642.79	203,927.65	203,927.65	203,927.65	203,927.65	1,220,996.18
PENS_SALA_DC_18	50,839.48	50,839.48	50,839.48	50,839.48	50,839.48	50,839.48	305,036.88
PROV_FD_CC_975	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	12,758.28
PROV_FD_C_18	80,120.83	84,134.57	81,649.63	81,649.63	81,649.63	81,649.63	490,853.92
<b>*TOT:CC</b>	<b>1,087,130.62</b>	<b>1,091,617.60</b>	<b>1,099,998.12</b>	<b>1,099,396.07</b>	<b>1,096,261.87</b>	<b>1,097,096.81</b>	<b>6,571,501.09</b>
<b>TOTAL</b>	<b>5,423,143.28</b>	<b>5,641,748.79</b>	<b>5,821,587.11</b>	<b>5,831,882.50</b>	<b>5,844,040.46</b>	<b>5,675,711.84</b>	<b>34,238,113.98</b>

- The municipality has incurred monthly expenditure of R5,6 million and YTD of R34,2 million on municipal staff cost as at 30 December 2025

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

## 12. Capital programme performance

Capital Project expenditure Report December 2025			
Project Name	Budget	Expenditure	Balance
Mzilanyoni phase 1& 2	5,011,011.11	- 2,279,877.26	2,731,133.85
Penning dale	7,550,527.43	- 6,111,852.54	1,438,674.89
Bruntville Sport fied	381,263.39	-	381,263.39
Phumlas /Townview Internal Road	222,293.07		222,293.07
EEDSM Project Mpofana	3,000,000.00	-	3,000,000.00
Burntville Raod		- 1,234,584.90	- 1,234,584.90
Disaster Grant (Gower)		- 922,921.00	- 922,921.00
	<b>16,165,095.00</b>	<b>- 10,549,235.70</b>	<b>5,615,859.30</b>

- Capital project Budget is R16,1 million,
- Expenditure for December 2025 is R10,5 million and
- The balance unspent R5,6 million.

### MIG

- Mzilanyoni R2,2 million
- Penning dale R6,1 million

### Municipal Own revenue

- Bruntville Road R1,2

### Disaster Grant

- Gower Road R922 thousand

## 13. Other supporting documents

N/A

#### **14. Conclusion**

In terms of MFMA Circular 124: Condition 6.9 reporting the mitigation factors and risks associated are as follows:

- i) The mitigating factors;
  - The Finance Recovery Committee must be resuscitated to ensure that revenue is enhanced and revenue is curtailed.
  - Interim Finance Committee is responsible to approve requisitions and avoid all unnecessary expenditure
- ii) The risks associated
  - Financial Viability as the Municipality might become worse as there are no indications of ability to curtail expenditure or enhance the revenue.
  - The Municipality might not be pay its liabilities when they fall due
  - The Municipality might not be able to collect all the anticipated revenue with the implementation of the municipality's Budget Funding Plan

#### **15. Annexure A: C-schedules**

- Budget statement C schedule for 31 December 2025 will be attached as:  
**Attachment 2**

#### **16. Annexure B: Compliance with the conditions for Municipal Debt Relief**

##### **16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment for December 2025.**

- **Attachment 3.** Municipality's signed self-assessment for December 2025.

## 16.2 Municipal Debt Relief Performance across the period of debt relief participation

The table below shows the municipality's overall relief compliance across the months of its debt relief participation since the National Treasury debt relief approval effective date of 01 October 2023 to June 2024.



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


KZN		
Code	District	Code Description
KZN223	uMgungundlovu	Mpofana

Monthly Performance Report																																								Month applicable											
Municipal Details			Part A Eskom And Bulk water current account					Part B Compliance with a funded MTREF				Part C FRP/BFP & Tariff Assessment				Part D Electricity and water as collection tools				Part E Quarterly collection of property rates and services charges				Part F Maximization of Revenue Base				Part G Oversight								Part H 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	Compliance Status						
1.July	Mpofana	KZN223																																											0%	Non Compliance	Yes				
2.August	Mpofana	KZN223																																														0%	Non Compliance	Yes	
3.September	Mpofana	KZN223																																														0%	Non Compliance	Yes	
4.October	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Non Compliance	Yes		
5.November	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes	
6.December	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Non Compliance	Yes
7.January	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
8.February	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
9.March	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	Yes	No	N/A	No	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	51%	Non Compliance	Yes
10.April	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	Yes	No	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	No	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Non Compliance	Yes
11.May	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes
12.June	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	Yes	No	No	No	No	No	N/A	No	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes

Comments/Motivation	
HOD Name:	
Signature of HOD:	
Date:	

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

**The table below is Provincial Treasury issued Compliance certificate as from July 2024 to June 2025**

National Treasury		Province	
Municipal Debt Relief MFMA Circular No. 124		KZN	
Municipal Finance Management Act No. 56 of 2003		Code	Code Description
		KZN23	Mpofana
		District	
		uMgungundlovu	


Monthly Performance Report																																																		
Municipal Details			Part A				Part B				Part C				Part D				Part E				Part F																											
Month	Code Descr	Code	Eskom And Bulk water current account				Compliance with a funded MTRF				FRP/BFP & Tariff Assessment				Electricity and water as collection tools				Quarterly collection of property rates and services charges				Maximization of Revenue Base				Oversight			Score	Rating	Compliance Status																		
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										
1.July	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance						
2.August	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance			
3.September	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance			
4.October	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance	on Compliance		
5.November	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Moderate compliance	on Compliance		
6.December	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance		
7.January	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	79%	Moderate compliance	on Compliance		
8.February	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance	
9.March	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance	
10.April	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance	
11.May	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
12.June	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance

Comments/Motivation	
HOD Name:	
Signature of HOD:	
Date:	

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

**The table below is Municipality's self-assessment certificate for December 2025**

National Treasury		Province	
Municipal Debt Relief MFMA Circular No. 124		KZN	
Municipal Finance Management Act No. 56 of 2003		Code	Code Description
		KZN23	Mpofana
		District	
		uMgungundlovu	

Monthly Performance Report																																																					
Municipal Details			Part A				Part B				Part C				Part D				Part E				Part F																														
Month	Code Descr	Code	Eskom And Bulk water current account				Compliance with a funded MTRF				FRP/BFP & Tariff Assessment				Electricity and water as collection tools				Quarterly collection of property rates and services charges				Maximization of Revenue Base				Oversight			Score	Rating	Compliance Status																					
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													
25.July25	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance	on Compliance					
26.August25	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance	on Compliance			
27.September25	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance	on Compliance		
28.October25	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance	on Compliance	
29.November25	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance	
30.December25	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance	on Compliance	
31.January26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance	
32.February26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance	
33.March26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance	
34.April26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
35.May26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
36.June26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
37.July26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
38.August26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
39.September26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
40.October26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance
41.November26	Mpofana	KZN23	NA	NA	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance	on Compliance

Comments/Motivation	
HOD Name:	
Signature of HOD:	
Date:	26/07/2024

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

**16.3 The November Provincial Treasury Municipal (Eskom) Debt Relief Compliance Assessment**

## 16.4 MFMA Circular 124 – Condition 6.6 & 6.7

### 16.4.1 Monthly collection

#### Collection Rate Monthly Performance – December 2025

6.December - Reporting for November in December			
Billing For November	Collection in December	R - Billing not collected	% Collection
7 983 606	5 684 625	2 298 981	71%
7 983 606	5 684 625	2 298 981	71%
1 548 839	951 617	597 222	61%
5 858 682	4 669 649	1 189 033	80%
-	-	-	#DIV/0!
-	-	-	#DIV/0!
576 085	63 359	512 726	11%

Collection Rate - Overview												
Reporting period	Property Rates			Electricity			Refuse			TOTAL		
	Billed	Received	Collection rate %	Billed prepaid+ conventional	Received Prepaid+ Conventional	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %
Jul-25	R 1 373 054,17	R 991 670,26	72%	R 4 164 960,55	R 3 288 847,90	79%	R 511 345,36	R 59 178,62	12%	R 6 049 360,08	R 4 339 696,78	72%
Aug-25	R 1 497 030,06	R 1 556 829,57	104%	R 3 408 202,95	R 4 136 635,37	121%	R 577 663,58	R 97 182,56	17%	R 5 482 896,59	R 5 790 647,50	106%
Sep-25	R 1 496 127,87	R 1 037 628,28	69%	R 3 862 564,55	R 2 788 878,82	72%	R 576 515,23	R 74 038,49	13%	R 5 935 207,65	R 3 900 545,59	66%
Oct-25	R 1 547 667,69	R 948 993,25	61%	R 5 707 639,27	R 6 560 880,01	115%	R 576 515,23	R 83 991,61	15%	R 7 831 822,19	R 7 593 864,87	97%
Nov-25	R 1 550 731,75	R 561 273,00	36%	R 5 344 994,22	R 3 958 889,00	74%	R 576 945,85	R 60 882,97	11%	R 7 472 671,82	R 4 581 044,97	61%
Dec-26	R 1 548 839,04	R 951 617,00	61%	R 5 858 682,00	R 4 669 649,00	80%	R 576 084,59	R 63 359,00	11%	R 7 983 605,63	R 5 684 625,00	71%
Jan-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Feb-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Mar-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Apr-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
May-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Jun-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!

#### SUMMARY FOR COLLECTION RATE – MONTH 3 OF THE 2025/2026 FINANCIAL YEAR

- The collection rate for December 71%.
- Property rates 61%
- Electricity 80%
- Refuse 11%
- The following table is breakdown for collection per month.

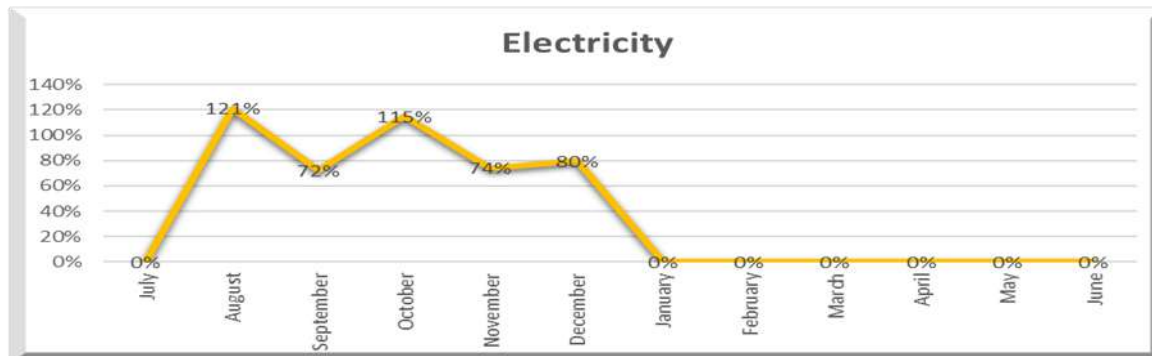
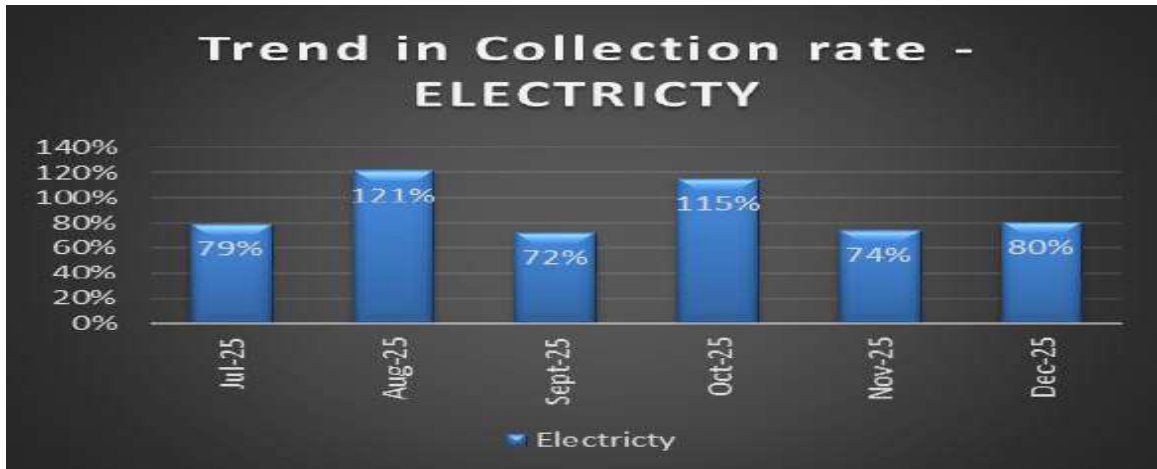
**Trend in Collection rate - Total:** December is 60%



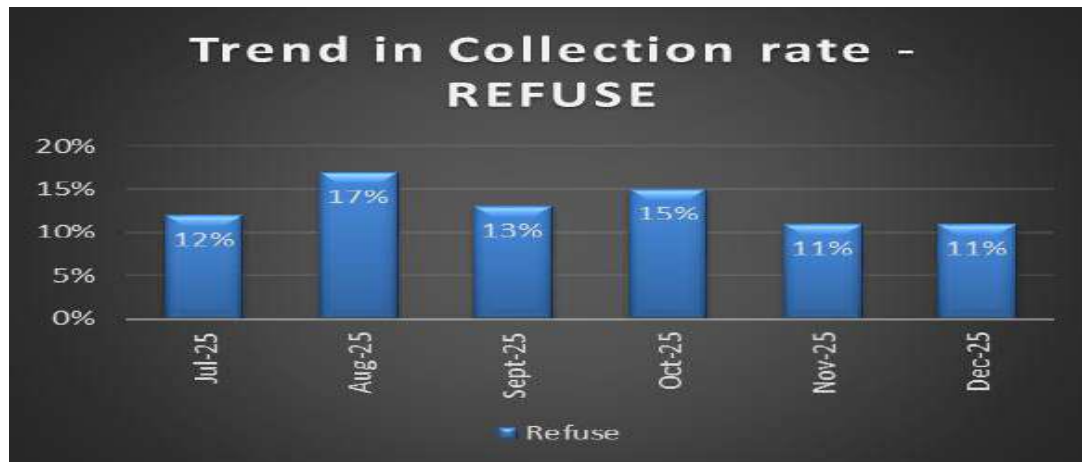
**Trend in Collection rate – Property Rates:** December 2025 is 61%



**Trend in Collection rate – Electricity:** December 2025 is 80%



**Trend in Collection rate – Refuse:** December Refuse is 11%



#### **16.4.2 Monthly - Restriction of Free Basic Services to Indigent Households**

- As at the start of the financial year, campaigns have been initiated with public notices to invite the public to apply for Indigent support. As part of the application, and to encourage applicants, it was indicated that those who do not apply, and are Indigent with outstanding balances, shall be disconnected.
- Indigent process plan was developed, served to Council & approved. The Draft Indigent register has been completed & sent for review to COGTA.
- Currently the Budget provision for free basic services has not been made in the 2025/26 Annual Budget process. However, the indigent register has been approved by council.
-

## 16.5 MFMA Circular 124 – Condition 6.8 (Completeness of the revenue base)

### 16.5. December 2025 Property rates reconciliation.

The GV reconciliation was performed in December 2025, on the pre-bill, with the following results:

Property Rates Reconciliation						
Province	KZN					
District	Umgungundlovu District					
Type	LM					
Municipal Name	Mpopana					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 2					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
Property Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3616	5	1 222 860 500,00	1 212 270 500,00	10 590 000,00
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	134	0	444 535 000,00	444 535 000,00	-
Agricultural	724	726	-2	3 021 575 000,00	3 029 065 000,00	- 7 490 000,00
Mining	0	0	0	-	-	-
State Owned for Public Purpose	26	26	0	138 340 000,00	138 340 000,00	-
PSI	345	345	0	15 711 000,00	15 711 000,00	-
PBO	36	36	0	125 790 000,00	125 790 000,00	-
Multi Use	19	19	0	-	-	-
Vacant	324	327	-3	53 672 000,00	56 322 000,00	- 2 650 000,00
POW	15	15	0	25 070 000,00	25 070 000,00	-
Municipal	611	611	0	95 008 000,00	95 008 000,00	-
Other	62	62	0	39 880 000,00	39 880 000,00	-
	<u>5638</u>	<u>5638</u>	<u>0</u>	<u>5 257 571 500,00</u>	<u>5 257 121 500,00</u>	<u>450 000,00</u>

- The revenue team investigated the differences, and it was discovered that:
  - Residential properties:
    - Erf 1384 – 10002183: This property is not reflected in the billing report, despite being correctly linked on the system, resulting in a variance in the reconciliation.
    - Erf 7971 - 10002039: Similarly, this property is not reflected in the billing report, although it is correctly linked on the system, causing a variance in the reconciliation.
    - Erf 2170 portion 143 – 10002205: This property is also not reflected in the billing report, despite being correctly linked on the system, resulting in a variance in the reconciliation.
  - Agricultural properties:

- Erf 7333 portion 3: Linked to a different account number on the billing system and incorrectly categorized as vacant land.
  - Erf 1322 portion 1: Correctly linked, but the market value is incorrect in the system
  - Erf 7972 portion 0: Correctly linked, but the market value is incorrect in the system.
  - Vacant Land:
    - 3 properties are incorrectly linked
- The System Vendor was contacted in December 2025, to investigate the differences. Unfortunately, the differences were not resolved
- Follow up meetings have been scheduled, with the system vendor, to resolve in January 2026.

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **No of Categories**, which shall be monitored monthly:

GV vs MFS						
Property Categories	Variances in <u>NUMBER</u>					
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	19	1	2	0	0	5
Industrial	0	0	0	0	0	0
Business & Commercial	-1	-1	-1	0	0	0
Agricultural	-2	-2	-2	0	0	-2
Mining	0	0	0	0	0	0
State	0	0	0	0	0	0
PSI	0	0	0	0	0	0
PBO	0	0	0	0	0	0
Multi Use	1	1	1	0	0	0
Vacant	-17	0	1	0	0	-3
POW	0	0	0	0	0	0
Municipal	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b><u>0</u></b>	<b><u>-1</u></b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **Value of Categories**, which shall be monitored monthly:

GV vs MFS						
Property Categories	Variances in <u>VALUE</u>					
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -	R -	R 10 590 000
Industrial	R -	R -	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -	R -	-R 7 490 000
Mining	R -	R -	R -	R -	R -	R -
State	R -	R -	R -	R -	R -	R -
PSI	R -	R -	R -	R -	R -	R -
PBO	R -	R -	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -	R -	-R 2 650 000
POW	R -	R -	R -	R -	R -	R -
Municipal	R -	R -	R -	R -	R -	R -
Other	R -	R -	R -	R -	R -	R -
<b>TOTAL</b>	<b>-R2 249 465 500</b>	<b>-R2 280 495 500</b>	<b>-R 974 080 000</b>	<b>R -</b>	<b>R -</b>	<b>R 450 000</b>

## 16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12

### 6.3 Maintenance of Eskom Current account

- No payment has been made towards the Eskom bulk current account for December 2025.
- The municipality has provided Eskom Reconciliation indicating that the balance of R660,2 million.

### 6.4 Compliance with a Funded MTREF

- The municipality's 2025/26 adopted Budget is unfunded,
- The municipality has budgeted for an operating surplus of R6,5 million.
- The municipality made a provision for debt impairment of R8,7 million of the total billable revenue.
- The municipality has made a provision for Depreciation and asset impairment of R10,8 million

### 6.5 Cost reflective tariffs

- The municipality has completed a tariff tool, based on the 2025/26 approved budget, with the assistance of the NT MFIP Advisor assigned to the municipality.

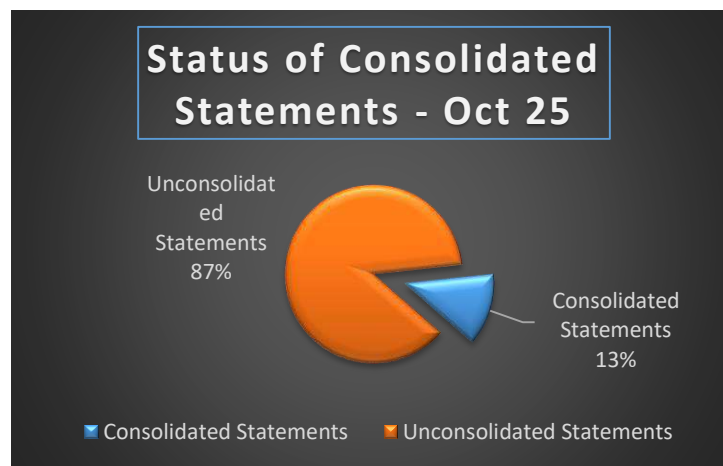
### 6.6 Electricity as a collection tools

- The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice except government debtors.

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor's statements that are Consolidated for all services, and debtors accounts which are stand alone.

A Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Debtors	% of Debtors
Consolidated statements	454	13%
Unconsolidated statements	3 028	87%
<b>TOTAL ACCOUNTS ON SYSTEM</b>	<b>3 482</b>	<b>100%</b>



### Observations (December 2025)

1. No of statements consolidated are **454**, i.e. 13%.
2. No of statements unconsolidated are **3 028**, i.e.87%

### Recommendations

1. The **3 028** debtors whose statements are not consolidated, must be analysed & investigated. The reasons for not being consolidated, must be communicated to the CFO. Based on the outcome, an implementation plan must be devised to address these accordingly.
  2. Monthly monitoring must be performed & reported accordingly as service still working on the issue.
- No disconnection list for December. However, a disconnections notice will be attached as: **Attachment 4**

#### **6.7 Maintaining a minimum of 85% average quarterly collection of Property rates and service charge**

- The municipality has achieved an average collection rate of 77% for December 2025.

##### **6.7.2**

- The municipality has not made provision for the installation of smart pre-paid meters in the 2025/26, 2026/27 and 2027/28 capital budgets due to financial constraints.
- The municipality has not adopted a policy to install any new electricity connection in the demarcated area with a smart pre-paid meter.

#### **6.8 Completeness of the revenue base**

- The municipality has completed a tariff tool, based on the 2025/26 approved budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and prepares the Action plan for variances identified.

#### **6.9 Monitor and report on implementation**

- The municipality's monthly MFMA Section 71 report is tabled to the Finance Portfolio committee, and MANCO before it is presented to Council.

#### **6.10 Provincial Treasury certification of municipal compliance.**

- KZN Provincial Treasury issued all monthly certificate and compliance report for the municipality.

#### **6.11 Limitation on Municipal borrowing powers.**

- The municipality has no borrowings in 2025/26 financial year.

#### **6.12 Management of resources**

- National Treasury / OAG issued guidance via a Circular on the 21 February 2024, that state that the municipality does not necessarily need to transfer amounts received from electricity sales into a separate bank account. However, the municipality must ring-fence amounts received from electricity sales to ensure that the municipality is able to make payments towards their Eskom current account. (Ring-fencing can be enabled via transacting in terms of mSCOA).

- Eskom bank statement will be attached. **Attachment 5**

**16.6 In terms of the MFMA s.71 narrative statement the following is part – Attachment 6**

- i. Eskom Bulk current account invoice(s) due and payable during the month of reporting;
- ii. The municipality's reconciliation statement for electricity aligning to the MFMA S71 mSCOA data strings uploaded.



**KWAZULU-NATAL PROVINCE**

**TREASURY**  
REPUBLIC OF SOUTH AFRICA

Provincial Treasury MFMA Circular 124

Municipal Debt Relief Report

Mpofana Municipality

November 2025

**DISTRIBUTION:**

Municipal Manager: **Dr. E.H. Dladla**

Chief Financial Officer: **Mr. N Duma**

Sector Departments: **National Treasury Email: [RevenueManagement@treasury.gov.za](mailto:RevenueManagement@treasury.gov.za)**

**Email: [mohamed@mfip.gov.za](mailto:mohamed@mfip.gov.za)**

**Parallel: Upload the PT PDF submission and the PT excel submission to the NT GoMuni portal**



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

### DIRECTORATE: HEAD OF DEPARTMENT

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Ref: 11/6/13/16  
Enquiries: Mr. F Cassimjee  
22 December 2025

Ms. O. Gaarekwe  
Deputy Director-General  
Intergovernmental Relations  
National Treasury  
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Dr. E.H Dladla  
Municipal Manager  
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Dear Ms. O. Gaarekwe and Dr. E.H. Dladla

#### **MPOFANA MUNICIPALITY – MONTHLY DEBT RELIEF REPORT – NOVEMBER 2025**

National Treasury approved the debt relief application of Mpofana Municipality with effect 01 October 2023. September 2024 constituted the 12<sup>th</sup> month of the municipality's first 12-month debt relief compliance cycle. September 2025 constituted the 12<sup>th</sup> month of the municipality's second 12-month debt relief compliance cycle. November 2025 constitutes the 2<sup>nd</sup> month of the municipality's third 12-month debt relief compliance cycle.

In terms of Municipal Debt Relief Circular No. 124, the Provincial Treasury must monthly certify the compliance of every delegated municipality with the conditions for municipalities as part of the Provincial Treasury's report to National Treasury by no later than 20 working days after the end of each month.

KZN Provincial Treasury monitored and assessed the municipality's compliance with the debt relief conditions during November 2025. This report **highlights the areas of compliance and non-compliance** for the month of November 2025, the support measures instituted by KZN Provincial Treasury, and the actions taken by the municipality in the month of December 2025.



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

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter.

From the Provincial Treasury's assessment, the municipality achieved a 61% average compliance with the MFMA Circular 124 conditions during November 2025 – refer to the performance sheet in the table below that shows the municipality's debt relief compliance performance for November 2025.

Considering the municipality's overall debt relief performance since 01 October 2023, and that the conditions carry equal weighting, the municipality is unlikely to qualify for the one third (1/3) debt write-off applicable to their first debt relief compliance cycle, which ended on 30 September 2024, nor the second third (2/3), which ended on 30 September 2025 unless the outstanding non-compliance issues are addressed.

**National Treasury issued a final warning to the municipality on 17 December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account. The municipality had until 17 March 2025 to rectify the situation, which includes settlement of the new arrear debt, since approval to the programme, of R85 384 804 (as per Eskom's S41 reports as at 31 October 2024).**

The National Treasury will only request Eskom to write-off a municipality's arrear debt, if the municipality demonstrates to the National Treasury's satisfaction, that the municipality complied with the aforementioned conditions for a consecutive period of 12 months. During the previous months of the debt relief cycle (October 2023 – October 2025), the municipality did not fully adhere to all the conditions of MFMA Circular 124. The specific condition(s) to which Mpofana Municipality did not comply during November 2025 are discussed in more detail below.



**KWAZULU-NATAL PROVINCE**

TREASURY  
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**KZN 223 Mpopana Municipality's overall debt relief performance for the period 01 July 2025 up to and including 30 November 2025:**



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

Province		
KZN		
Code	District	Code Description
KZN223	uMgungundlovu	Mpopana

Monthly Performance Report																																																			
Municipal Details			Part A						Part B					Part C			Part D				Part C						Maximization of Revenue Base			Part E											Scoring and Rating										
			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											Score	Rating									
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41								
25.July25	Mpopana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance					
26.August25	Mpopana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance			
27.September25	Mpopana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	No	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	56%	Moderate compliance		
28.October25	Mpopana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance		
29.November25	Mpopana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance		
30.December25	Mpopana	KZN223							No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed			
31.January26	Mpopana	KZN223																																													0%	Not completed			
32.February26	Mpopana	KZN223																																														0%	Not completed		
33.March26	Mpopana	KZN223																																															0%	Not completed	
34.April26	Mpopana	KZN223																																															0%	Not completed	
35.May26	Mpopana	KZN223																																															0%	Not completed	
36.June26	Mpopana	KZN223																																															0%	Not completed	
37.July26	Mpopana	KZN223																																															0%	Not completed	
38.August26	Mpopana	KZN223																																															0%	Not completed	
39.September26	Mpopana	KZN223																																															0%	Not completed	
40.October26	Mpopana	KZN223																																															0%	Not completed	
41.November26	Mpopana	KZN223																																																0%	Not completed



### **Condition 6.2: Application-based supported by Council's resolution**

As at the date of this report there is no application related information remaining as outstanding from the municipality that was due within 10 working days of the NT approval letter.

### **Condition 6.3: Maintaining the Eskom current account**

The municipality has not made a payment towards the October 2025 invoice (R9.3 million) which was due and payable on 17 November 2025. No payment has been made to Eskom in the month of November 2025.

The municipality does not have an approved repayment plan in place for the arrear debt. The municipality was assisted by the MFIP advisor to prepare the supporting documentation for the repayment arrangement. The municipality indicated that the proposed repayment agreement was submitted to Eskom in May 2025. The municipality is awaiting feedback from Eskom.

Eskom indicated in its Section 41 report for October 2025 that the municipality is not complying with the debt relief conditions and that the payment arrangement is still not concluded. National Treasury issued a final warning letter to the municipality on the 17<sup>th</sup> December 2024. National Treasury has also indicated in the Debt relief compliance report for September 2025 that the non-payment of Eskom accounts places Mpofana at high risk of losing access to debt relief support. It also exposes the municipality to the possibility of legal escalation or disconnection of electricity supply, which would have devastating consequences for local service delivery. Without a repayment plan, arrears will continue to grow uncontrollably, increasing the likelihood of insolvency.

National Treasury further recommended that the municipality concludes a binding repayment plan with Eskom with immediate effect. These concerns were discussed with the municipality during the IYM meetings held on 09 September 2025 and 10 December 2025.

The municipality, as highlighted in the Section 71 report, indicated that they are experiencing financial challenges, which consequently rendered them unable to meet their payment obligation for October 2025.

### **Condition 6.4: Compliance with a funded MTREF**

The municipality's 2025/26 Approved Budget was assessed as Unfunded. The main contributor to the unfunded budget for the municipality is the long outstanding debt owed to Eskom as well as unspent conditional grants which are not cash backed. As per the NT funding assessment tool Table A8 reflects a Shortfall of R296.7 million.

KZN Provincial Treasury assessed the Budget Funding Plan that was approved by Council as not being reasonable in relation to the strategies that the municipality intends to embark on in order to improve the budget funding position. The major concern was that there was no clear strategy included in the Budget funding plan to address the aging of infrastructure and the increase in electricity losses.

**The municipality subsequently submitted a revised Budget funding plan on 14 November 2025 which has been assessed as not credible by KZN Provincial Treasury.** The reason for assessing the Budget Funding plan as not credible is that in the Budget Funding Plan submitted by the municipality, the debt relief write-offs of one third of the R391.8 million (i.e. R130.8 million) were applied over the three (3) MTREF financial years in Table A8. However, National Treasury has indicated that the first cycle of debt write-offs for the period ending 30 September 2024 has been closed and, therefore, the municipality is only eligible for 67 percent (two thirds) of the Eskom ring-fenced debt,



which would potentially be subject to write-off provided that the municipality adequately complies with the debt relief conditions as per MFMA Circular No. 124 in the second and third cycles. As a result, the municipality can no longer apply the three (3) write offs in Table A8. To ensure the successful implementation of the Budget funding plan, the municipality was advised to monitor the implementation of the Budget funding plan on a monthly basis.

The municipality has budgeted for a Surplus of R6.5 million. However, the budgeted Surplus appears to be overstated as revenue from Operational revenue and Fines, penalties and forfeits appear to be overstated while the expenditure on Bulk purchases, Debt impairment, Depreciation and asset impairment and Interest appear understated. Therefore, the budgeted Surplus may not be a true reflection of the municipality's budgeted financial performance. Provincial Treasury has advised the municipality to implement the budget controls and closely monitor the performance of the budgeted expenditure line items to ensure that the spending is within the approved budgeted amounts to avoid incurring unauthorised expenditure.

The municipality has made a provision for Debt impairment of R8.8 million or 9.7 percent as a percentage of total billable revenue. However, as per the Budget funding assessment tool the average collection rate is 85.8 percent and hence Debt impairment should be budgeted to at least R16.5 million (R116 million multiplied by 14.2 percent). The budgeted amount may be understated.

The municipality has budgeted for Depreciation and amortisation of R10.9 million in the 2025/26 budget year which is a decrease of 26.9 percent from the 2024/25 Adjusted budget and a 26.4 percent decrease from the 2023/24 audited AFS. The municipality indicated on page 21 of the budget document that the budgeted amount is informed by the municipality's Asset management policy and the current depreciation as per the audited AFS.

However, the budgeted amount appears to be significantly understated when compared to the expenditure of R14.8 million in the 2023/24 audited AFS. Furthermore, Table A9 reflects Total asset register summary of R253.4 million which is an increase of 16.3 percent of total PPE value of R217.9 million in the 2023/24 audited AFS. Therefore, the decrease of 26.9 percent in the budgeted Depreciation and amortisation does not appear to be reasonable. The municipality should provide a realistic budget for Depreciation and amortisation in the Adjustments Budget.

The cash flow projections were not accurately estimated for the 12 months of the financial year as the budgeted cash flows were spread evenly over the 12-month period in the 2025/26 Approved Budget.

The municipality does not have a FRP. An MFIP advisor has been deployed to the municipality to provide budget management support.

### **Condition 6.5: Cost reflective tariffs**

The municipality has completed a tariff tool, based on the 2025/26 final budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and has thus been marked as compliant. The tariff setting tool using the final 2025/26 budgeted figures have also been uploaded on the GoMuni portal.

Per the Tariff setting tool using the final 2025/26 budgeted figures, the Electricity tariff is not cost reflective from year 1 to 3 (R35 746 419 shortfall in year 1, R29 843 470 deficit in year 2, and R25 113 490 deficit in year 3) whilst the Solid waste tariff is not cost reflective from year 1 to 3 (R8 311 165 shortfall in year 1, R7 885 494 deficit in year 2, and R7 685 539 deficit in year 3).

The PT has identified the gaps on the completed tariff tool using the final budget for the 2025/26 financial year which needs to be addressed going forward. These gaps are as follows:

- 1) Governance and Administration has been allocated most of the revenue budget from the component of Transfer and Subsidies – Operational.



## KWAZULU-NATAL PROVINCE

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- ✓ Year 1: R52.614 Million (M) (91.15%) of R57.7239M
- ✓ Year 2: R53.022M (93.26%) of R56.8539M
- ✓ Year 3: R55.377M (93.26%) of R59.376M.

Equitable share needs to be allocated to trading services to cater for cost of free basic services.

- 2) Most functions are budgeted for a deficit, which might be caused by a failure to allocate Equitable Share correctly.
- 3) Employee related costs allocated to services (Electricity and Refuse) appear to be understated per allocation below:
  - ✓ Year 1: Employee Cost of R7.130 M (11.50%) of total Employee cost of R62M
  - ✓ Year 2: Employee Cost of R7.490M (11.79%) of total Employee cost R63.488M
  - ✓ Year 3: Employee Cost of R7.766M (11.70%) of total Employee cost R66.329M
- 4) Understatement of debt impairment expenditure for Electricity Services Function:
  - ✓ Year 1: R0 allocation of a total of R8.757M
  - ✓ Year 2: R0 allocation of a total of R6.447M
  - ✓ Year 3: R0 allocation of a total of R4.710M
- 5) Understatement of depreciation expenditure for Electricity Services Function:
  - ✓ Year 1: R276K (2.5%) allocation of a total of R10.893M
  - ✓ Year 2: R290K (2.5%) allocation of a total of R11.4M
  - ✓ Year 3: R304K (2.5%) allocation of a total of R11.920M

The Municipality's budget narratives for the final 2025/26 budget, did not include any phasing-in strategy for non-cost reflective tariffs.

The allocation and the values of budgeted revenue and budgeted expenditure across the various functions of the municipality needs to be reviewed by the municipality. As this has a direct impact on the outcome of the tool and the assessment of whether tariffs are cost reflective or not. Thus, the results of the tool may not be accurate.

### **Condition 6.6: Electricity as collection tools**

The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice.

As per the final 2025/2026 Credit control and debt collection policy, reference is made to the following " If one account is rendered for more than one Municipal service provided, the amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less than the total amount due, will be allocated at the discretion of the Municipality between service debts. Firstly, to property rates and thereafter to refuse removal lastly to electricity."

The municipality does not issue consolidated bills for accounts that are attached to Public Works. Hence the municipality is partially compliant with this condition.

KZN PT requested further engagement with National Treasury regarding Public Works / state-owned properties and the requirement for the consolidation of bills. As this impacts the entire KZN Province and not only municipalities on the debt relief programme.



A meeting was held with NT, KZN PT, CoGTA and Public Works on the 07 June 2024 to determine the way forward. The resolution from the meeting was that NT would consult further internally and will review the institutional arrangements in 2 other Provinces. Thereafter, a follow up engagement will need to be held. To date, no further feedback has been received.

Mpofana LM did not implement disconnections of electricity services for defaulting customers other than those registered as indigent in the month of November 2025.

The municipality has indicated that they are still compiling the indigent register. Furthermore, a billing / Eskom (FBE) report to confirm the 50 kilowatt electricity provided to registered indigent consumer with the municipality is not attached in their Sec 71 report. **As November 2025 is the fifth month of the 2025/26 financial year, the municipality needs to implement their indigent register as promised.**

**The municipality has not utilised the Annexure C – National Treasury template to reflect their monthly indigent information. Thus, this was not included in their S71 report nor was it parallel uploaded to Go Muni.** The municipality has indicated that a draft indigent register has been completed and sent to CoGTA for review and that a budget provision for free basic services has been made in the 2025/26 annual budget process. Per National Treasury instruction issued on 14<sup>th</sup> March 2025, where a municipality has not included this annexure in their Section 71 report, Provincial Treasuries are required to mark the municipality as non-compliant across the entire Condition 6.6. in the debt relief certificate.

#### **Condition 6.7: Maintain a minimum of 85% average quarterly collection of property rates and service charges**

This reporting period being November 2025 is not a quarter end, and therefore, the quarterly collection rate of property rates and service charges is not required to be assessed.

However, the municipality has achieved a 60% average monthly collection rate (Collection in November 2025: R4 581 046 / Billing for October 2025: R7 592 269) for property rates and services charges for the month of November 2025, which is below the minimum of 85% required as per MFMA Circular 124.

KZN PT engaged with the Municipality on 12<sup>th</sup> December 2025 with regards to the correctness and accuracy of the NT Revenue collection template. Per the status of all document submissions report extracted from GOMUNI for Mpofana Local Municipality on 19<sup>th</sup> December 2025, it was confirmed the Municipality had uploaded the payment rate per service for month 5 of the 2025/2026 financial year (November 2025).

The municipality utilised the **Annexure D – National Treasury template** to determine their **monthly collection rate**. This was included in their S71 report as well as parallel uploaded to Go Muni.

The municipality has not made provision for the installation of smart pre-paid meters in the 2024/25 and 2025/26 capital budgets. During the engagement with the municipality on 09 November 2023 and 19 February 2024, the municipality indicated that due to financial constraints; the installation of smart pre-paid meters was not feasible. The municipality would require funding assistance through the smart-meter grant.

The municipality has indicated on page 30 of the Month 05 (November 2025) Section 71 report that it has not made a provision for the installation of pre-paid meters in the 2025/26 MTREF due to financial constraints. The Municipality has however submitted a request to National Treasury to be invited to participate in the Smart Meter Grant programme as they require funding assistance in order to comply.



### **Condition 6.8: Completeness of the revenue base**

For the latest ending quarter (September 2025), the municipality has submitted its completed billing system, GVR and / or interim GVR reconciliations via the Go Muni portal. Thus, the municipality should be compliant with this condition going forward as they have an action plan in place to address variances.

The municipality has completed the NT Valuation roll reconciliation tool with assistance of NT MFIP Advisor assigned to the municipality for November 2025. **The reconciliation reflects that billing system is perfectly aligned to its Council approved General valuation Roll and/ or any subsequent supplementary GVR/s** as no variances are identified in the number of properties and market values, between the General Valuation and the billing system. The NT Valuation roll reconciliation tool and action plan have been included in the section 71 report and has been uploaded on GoMuni for the latest quarter ending (September 2025).

**The Municipality has made significant improvement in addressing exceptions on the NT Valuation roll reconciliation tool. In November 2025, there were no exceptions between the GV and the billing system.** Achievements for November 2025 is detailed below:

- The number of properties of 5938 match between the General Valuation and the Billing system.
- The Market value R5 257 571 500 match between the General Valuation and the Billing system.

The Municipality shall continue to populate the NT Valuation roll reconciliation tool on the monthly basis and monitor the tool for any variances.

On 14<sup>th</sup>, 19<sup>th</sup>, 28<sup>th</sup> November and 03<sup>rd</sup> December 2025, the MFIP advisor had a working session and on the job training on NT Valuation roll reconciliation tool for November 2025; including analysis of billing report, sorting and pivot into suitable format, compiling workings and emailed the tool to the Accountant Revenue, Accountant Budget and CFO for consideration. The MFIP Advisor also went through the SOP's developed with the Revenue Unit. Guidance and support will continue to be provided to the Municipality.

### **Condition 6.9: Monthly S71 reporting**

The municipality indicated that the monthly MFMA Section 71 report is tabled to the Finance Portfolio committee and MANCO before it is presented to Council. According to the latest Budget Funding Plan Progress Report provided, the municipality also indicated that the Section 71 reports are monitored through the Financial Recovery committee which meet on a weekly basis.

The municipality has reported a year-to-date (YTD) operational deficit of R36.2 million in the Section 71 Schedule C for Month 05 (November 2025). The municipality has spent 52.7 percent of its Operating budget in Month 05 compared to the straight-line projection of 41.7 percent. However, discrepancies arise when examining the mSCOA data strings for the same period, which reflects a YTD operational deficit of R33.1 million against the expected YTD budget operating surplus of R3.3 million. This significant variance suggests challenges in the municipality's financial management and reporting processes as well as the poor implementation of the approved Budget Funding Plan.

Furthermore, KZN Provincial Treasury has observed that the municipality's spending is not aligned with the approved budget limits. According to the Section 71 report based on the mSCOA data strings for Month 05 of the 2025/26 financial year, the municipality reported that it had already spent above the Year to Date Budget (YTD) on the following expenditure line items: Employee related costs (46.5 percent), Remuneration of councillors (101 percent), Bulk purchases (53.9 percent), Contracted services (60.4 percent) and Operational costs (44.2 percent).



Additionally, the municipality also incurred expenditure on the following line items that were not budgeted for: Interest of R13.3 million and Internally funded capital expenditure of R1.1 million. This variance suggests challenges in the municipality’s financial management and poor implementation of the approved Budget Funding Plan. To address these issues, a Municipal Finance Improvement Programme (MFIP) advisor has been deployed to provide budget management support and assist the municipality in strengthening its financial controls and improving the accuracy of its financial reporting.

The MFMA S71 Statement was assessed against the National Treasury MFMA S71 reporting guidance issued to debt relief municipalities on 10 May 2024 read in conjunction with paragraphs 9(i) to 9(xii) of the NT debt relief approval letter. The assessment confirmed that the MFMA S71 narrative statement included the following information tabled below:

MFMA S71 Statement component		Compliance (Yes/No)
1.	<b>The Budget Performance Overview (paragraph 4) of the MFMA S71 statement</b> explicitly advised on the municipality’s progress in implementing the municipality’s budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes. The municipality included a paragraph on budget performance overview and reported on the progress against the Budget Funding Plan for Month 05 in the S71 report. However, the municipality has not uploaded the Budget Funding Plan performance report on GoMuni.
2.	<b>The conclusion (paragraph 14) of the MFMA S71 statement</b> explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality’s Budget Funding Plan and / or Funded Budget.	Yes, the municipality has reported on the associated risks and mitigating factors in the S71 report.
3.	<b>Annexure B of the MFMA S71 statement included the following debt relief reporting components-</b>	
3.1.1	The municipality’s MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of <b>MFMA Budget Circular 128 (Annexure B)</b>	Yes
3.2	The municipality’s overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality’s revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes



MFMA S71 Statement component		Compliance (Yes/No)
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of <b>MFMA Budget Circular 128 (Annexure D)</b> .	Yes
3.5.1	The indigent management information	No
3.5.2	The indigent management information was included in the format of <b>MFMA Budget Circular 128 (Annexure C)</b> .	Not included
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes, all exceptions have been resolved. Municipality together with NT Advisor to monitor progress made on NT Valuation Roll reconciliation tool.
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes The Eskom statement due and payable in the month of November 2025 (i.e. the October 2025 account) was included in the S71 report.
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	No payment was made in November 2025
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes A reconciliation was included in the S71 report.
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	Yes

It should be noted that a virtual meeting was held with the municipality on 14 May 2024, to take the officials through the S71 reporting guidelines issued by National Treasury on the 10 May 2024 and to assist the municipality to comply with the debt relief reporting requirements and related excel schedules required to be populated.

Ongoing telephonic and email engagement has taken place with the Budget and Treasury Office of Mpfana LM in the months of June 2024 – November 2025, to comply with debt relief reporting requirements.

Furthermore, the NT MFIP Advisor has also had ongoing engagements with the municipality to discuss debt relief compliance and strengthening of S71 report structure. Engagements were held with the



municipality on the 12<sup>th</sup>, 14<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 26<sup>th</sup>, 27<sup>th</sup>, and 28<sup>th</sup> November 2025, as well as 4<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> December 2025. The debt relief engagements by the MFIP Advisor covered the following:

- Attended, presented, and participated in Audit War room, as per invite from the Municipal Manager.
- Addressed review comments from KZN PT on the 2025/2026 Budget Funding Plan and developed a review template to address findings and concerns. This was sent to the Revenue Manager for consideration.
- Working session on the Age analysis for October 2025 covering the following:
  - ✓ Sorting system report for comparison to C schedule; forming part of Revenue management Report.
  - ✓ Sorting system report for split into Government and Other categories, forming part of Revenue management Report.
- Facilitated completion of One-on-One training with Revenue Clerk on Revenue analysis and management/report writing.
- Facilitated completion of One-on-One training with the Budget Clerk on Section 71 Trend Report writing and analytical outcome, with key findings and recommendations; Compiling working tables; and how to interpret results and documenting financial impact.
- Compiled Section 71 Trend analysis Report including Overview of Revenue and Expenditure for Capital and Operating budget. Emailed the document to Accountant Budget for consideration.
- Performed and facilitated training on the GV reconciliation for November 2025 on Pre and post billing, including analysis of billing report, sorting and pivot into suitable format, and compiling workings; and going through the Standard Operating Procedures developed.
- Working session held, and narrative compiled on all progress made on GV reconciliation tool for November 25. This was incorporated into the Section 71 Report.
- On the job training/working session with Debtors Controller on Debt relief report writing, including status on Debt Compliance; Electricity Losses, Eskom account and affordability, Fixed Costs, Debtors age and illustrating the observations, trends, and findings.
- Facilitated completion of Working session to finalize Expenditure analysis and management report writing with supporting documents.
- Attended Debt relief compliance status meeting with Accountant Budget. Used October 2025 compliance feedback from KZN PT.
- Working session for Section 71 Reporting and illustrating how to combine multiple PDF documents into one for submission for upload onto GO MUNI.
- Working session with Accountant Revenue to discuss billing, Drawing system reports; Status of Debtors completeness with regards to email addresses; and documenting analytical results.



### **Condition 6.10: Provincial Treasury certification of municipal compliance**

KZN Provincial Treasury has no outstanding compliance assessments and reports for Mpofana LM since its approval effective 01 October 2023. All monthly certificates and compliance reports were compiled and issued to National Treasury and the municipality by the required deadline date.

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

The limitation on municipality borrowing powers and the prohibition of borrowing during debt relief periods form a dual regulatory framework aimed at ensuring fiscal responsibility. Compliance necessitates meticulous scrutiny of borrowing activities to ascertain adherence to authorized limits and program guidelines. These measures, while promoting sustainable debt management, also stabilize the municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

The municipality complied with this condition since its debt relief effective date of 01 October 2023, to date.

### **Condition 6.12: Management of resources and Condition 6.13: Accounting Treatment**

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular 124 on 21 February 2024. In terms of the guidance, the municipality no longer has to maintain a separate bank account for debt relief purposes as envisaged in MFMA Circular 124 (Condition 6.12), however, irrespective of whether a municipality decides to discontinue a separate bank account, ring-fencing for debt relief purposes must be enabled and demonstrated through the municipality's monthly mSCOA data string submissions.

The municipality has not ring-fenced receipts for electricity sales and equitable share earmarked for free basic services (FBE). However, the municipality has opened a separate bank account to serve this purpose. Ring-fencing can be enabled via transacting in terms of mSCOA.

**The municipality is not making payments to Eskom. Ring-fencing is not being achieved via mSCOA Reporting nor transfer of electricity receipts into the separate bank account for electricity.**

### **Condition 6.14: NERSA Licence**

By having applied for Municipal Debt Relief, the council of a municipality, that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006).

It is noted that this condition will only come into effect if the municipality's participation in the debt relief programme is terminated.



### **Provincial Treasury Compliance Certification**

The Provincial Treasury certifies that it monitored and assessed Mpofana Municipality's compliance against the MFMA Circular 124 conditions and NT debt relief approval letter as set-out below in the PT's compliance certificate for the municipality in relation to the period 01 – 30 November 2025. **The signed compliance certificate is attached as an Annexure to this report.**

The KZN Provincial Treasury's assessment and compliance certificate confirmed that Mpofana Municipality during November 2025 did not fully comply with all the MFMA Circular 124 conditions and was elaborated on above. It is noted that the municipality's November 2025 average compliance of 61% has regressed as compared to the 66% compliance rate achieved during October 2025.

Although, the municipality has made progress, it is noted that the automated performance reports are indicative that the municipality is unlikely to receive a 1/3 Eskom debt write-off, linked to their first 12-month compliance cycle (which ended on the 30 September 2024), nor the 2/3 Eskom debt write-off, linked to their second 12-month compliance cycle (which ended on the 30 September 2025). **National Treasury issued a final warning to the municipality on 17 December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account.** The municipality is urged to strengthen its implementation of the relief conditions to fully benefit from the relief by a return to basic financial management best practice.

Kind regards

---

**Ms. N. Shezi**  
**Acting Head of Department**  
**KwaZulu-Natal (KZN) Provincial Treasury**



## Annexure A2 - Monthly

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

**Kwa-Zulu Natal Provincial Treasury**

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

**Period**

Nov'25

**National Financial Year**

2025/26

**Demarcation Code of Municipality being assessed**

KZN223

**District**

**uMgungundlovu**

**Demarcation Description**

**Mpofana**

I, [Ms. Nelisiwe Shezi](#), hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in **MFMA Circular No. 124** and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

### Municipal Debt Relief Conditions (Monthly reporting)

*Choose from drop down list*

Condition	6,3 + 6,12	Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its <b>bulk water current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	Does not have function
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	Does not have function
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?	Does not have function
4	6.3.1	- Has the municipality paid its <b>Eskom bulk current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	No
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	No
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?	No
	6,4	Compliance with a funded MTREF – <i>(choose from drop down list the MTREF assessed)</i>	2025/26 Adopted MTREF
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - <a href="http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx">http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx</a> ?	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 <i>(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)</i> on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No

		<i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i>	
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?	No
		<i>Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>	
11	6.4.2	- <b>If the municipality's MTREF is not funded</b> , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	No
		<i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i>	
12	6.4.2	- <b>If the municipality's MTREF is not funded and it has an FRP per the legislative framework</b> , does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/a
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	No
14	6.5	<b>Cost reflective tariffs</b> – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes
	6.6	<b>Electricity and water as collection tools</b> – has the municipality, with effect from the tabling of the 2023/24 MTREF, <b>demonstrated, through its by-laws and budget related policies</b> that:	
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	No
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	No
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	Does not have function
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No
	6.6	<b>Supporting evidence</b> : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.	
	6.7	<b>Maintain a minimum average quarterly collection of property rates and services charges</b> –	
19	6.7.1	- Has the municipality achieved a minimum of <b>80 per cent average quarterly collection</b> of property rates and service charges <b>with effect from 01 April 2023</b> and <b>85 per cent average quarterly collection</b> <b>with effect from 01 April 2024</b> during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter
		<i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i>	
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, <b>has the municipality demonstrated to the satisfaction of National Treasury the following :</b>	

20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <u>and</u> that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	not yet the end of a quarter
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	not yet the end of a quarter
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and</u> the reason(s) for the failure?	not yet the end of a quarter
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No
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?	No
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?	No
<b>6,8 Municipality's Completeness of the revenue base –</b>			
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes
28	6.8.2	- <b>For the latest ending Quarter</b> -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	Yes
<b>6,9 Monitor and report on implementation –</b>			
29	6.9.1	- <b>MFMA section 71 reporting</b> – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the <b>active intervention evident</b> from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	No
31	6.9.3	- <b>Municipalities with financial recovery plans (FRP)</b> – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	No FRP
<i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i>			
<b>6.10 Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:</b>			
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the <b>conditions for provincial treasuries</b> (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	Yes
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the <b>conditions for provincial treasuries</b> (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No
<i>Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.</i>			

36	6,11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No
		<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>	
	6,12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):	
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	No
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	No
		<i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i>	
39		<b>Supporting evidence</b> : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes
40	6,13	<b>Accounting Treatment</b> - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i>	Yes
41	6,14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No
		<i>Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i>	

PT: HOD/ NT / MM Name:

NELI SHEZI

Signature of HOD/ NT/ MM:



Date:

23/12/25

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

## **17. Municipal Manager's quality certification**

- Municipal Manager's quality certificate for December 2025 will be attached as:  
**Attachment 6**

## **18. Recommendations:**

**It is recommended that that the Mayoral Committee / Mayoral Committee meeting take note of -**

1. The monthly budget statement for December 2025
2. The non-compliance emanating from the municipality's debt relief self-assessment as well as the Provincial Treasury's independent assessment set-out in paragraph 16 above;
3. The following remedial actions necessary and / or undertaken to improve the municipality's monthly compliance in terms of the Debt Relief Conditions:
  - a. The municipal urgently starts with Meter auditing and Meter calibration as per the Electricity distribution losses
  - b. The municipality to table Municipal Debt Concession for customers to settle their outstanding account to increase collection on all debt which will enable the municipality to start servicing the Eskom Account.
  - c. The municipality to use the Energy Efficiency and Demand side management grant to improve electricity function as per latest DORA
  - d. To ring fence all electricity Proceeds in the 2025/26 FY;
4. The balance of the Eskom bulk account and the municipality's reconciliation of these accounts as set-out in paragraph 16.6 above.





# **Mpofana Local Municipality**

## REPORT TO THE CFO



Report number: 2025/26\_(M06)

Author: Billing/Debtors & Credit Control  
Designation: Accountants Revenue

**SUBJECT:** REVENUE TREND ANALYSIS REPORT (December 2025)

**DATE:** JANUARY 2026

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## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1

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REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

# 1 Introduction

## 1.1 Background & Purpose

Revenue Management is part of the key deliverables identified in the SDBIP under the CFO responsibility. Status of Revenue is reported monthly via MFMA Section 71 Reports. A Finance Portfolio committee is in place to monitor and optimise efforts in Revenue Analysis and management.

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDDIP) 2025/2026														
National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Msoo Project Ref	Project Name (Msoo)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlook	
	Budget and Treasury Office	Sound Financial Management	To increase funding and revenue generation	E1	Develop and implement measures to expand revenue base and generation	E1.1		%	E1.1.1	% Revenue Growth- (Period under review's Total Revenue)	7%			12% Revenue Growth by 30 June 2026
									E1.1.2	% Revenue Growth Excluding capital grants	7%			15% Revenue Growth Excluding capital grants by 30 June 2026
									E1.1.3	% Operating Revenue Budget implementation indicator. $\frac{\text{Actual Operating Revenue}}{\text{Budget Operating Revenue}}$	95% - 100%			95% - 100% Actual Operating Revenue over Budgeted Operating Revenue by 30 June 2026
									E1.1.4	Date valuation roll implemented	01-Jul			Valuation roll implemented by 01 July 2025 on the billing system
	Budget and Treasury Office	Sound Financial Management				E1.2		Number in days	E1.2.1	Number of Net Debtors Days - $\frac{((\text{Gross Debtors} - \text{Bad debt Provision}) / \text{Actual Billed Revenue}) \times 365}$	30			30 or < Net Debtors Days by 30 June 2026
									E1.2.2	Number of monthly disconnection report done	12			12 disconnection report (1 per month) by 30 June 2026
									E1.2.3	% Collection Rate - $\frac{((\text{Gross Debtors Opening Balance} + \text{Billed Revenue} - \text{Gross Debtors Closing Balance} - \text{Bad Debt Provision}) / \text{Gross Debtors Opening Balance}) \times 100}{100}$	93% - 95%			95% - 100% Collection Rate by 30 June 2026
	Budget and Treasury Office	Sound Financial Management				E1.3		Number	E1.3.1	Current Ratio. Number of Current Assets/ Current Liabilities	1.5 - 2.1			1.5 - 2.1 Current Asset ratio by 2026
									E1.3.2	Cash / Cost coverage ratio in months. $\frac{\text{Cash} / \text{Cost Coverage Ratio in Months} - ((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure}}$	1-3 Months			1 - 3 Cash / Cost Coverage Ratio in Months by 30 June 2026



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2025/2026

National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Msooa Project Ref	Project Name (Msooa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlock	
FINANCIAL VIABILITY & FINANCIAL MANAGEMENT	Budget and Treasury Office	Sound Financial Management	Improve expenditure and maximise the economies of scale	E2	To control and account for all Municipal expenditure	E2.1			E1.3.3	Number of Monthly cash flow projection report prepared	12			12 Monthly cash flow reports prepared by 30 June 2026
								Number in days	E1.3.4	Number of Creditors Payment Period in days - Trade Creditors Outstanding /Credit	30			30 Creditors Payment days by 30 June 2026
								%	E2.1.1	% Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure x100	0%			0% Irregular, Fruitless and Wasteful and Unauthorised Expenditure incurred by 30 June 2026
									E2.1.2	% staff cost over OPEX incurred - remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	25% - 40%			25% -40% staff cost over OPEX incurred by 30 June 2026
									E2.1.2	% Contract Serv incurred over OPEX - Contracted Services / Total Operating Expenditure x 100	2% - 5%			2% - 5% Contract Serv incurred over OPEX by 30 June 2026
									E2.1.3	%CAPEX BUDGET SPENT - Actual Capital Expenditure / Budget Capital Expenditure x 100	95% - 100%			95% -100% CAPEX BUDGET SPENT by 30 June 2026
									E2.1.4	% OPEX Budget Spent - Actual Operating Expenditure / Budgeted Operating Expenditure x100	95% - 100%			95% - 100% OPEX Budget Spent by 30 June 2026
									E2.1.5	% Electricity Grant (INEP) Budget Spent - Actual INEP Expenditure / INEP Budget Expenditure x 100	95% -100%			95% -100% Electricity Grant (INEP) Budget Spent by 30 June 2026
								Number	E2.1.6	Number of budget statement (S71/S72) reports submitted to Treasury	12			12 Budget Statement (S71/S72) reports submitted to Treasury by 30 June 2026
								%	E2.1.7	% of electricity losses to be within the 7% - 10% thresholds	7% -10%			Electricity losses to be within the 7% -10% thresholds by 30 June 2026



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2025/2026

National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Mscosa Project Ref	Project Name (Mscosa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026	
											Demand	Baseline	Backlog		
Budget and Treasury Office	Sound Financial Management	To enforce a fair and legislatively compliance SCM policy	E2.2					Number	E2.2.1	Number of report on update contract register submitted to portfolio committee	12			12 reports on contract register updated and submitted to portfolio committee by 30 June 2026	
								Date	E2.2.2	Date SCM Policy reviewed	31-Mar-22			SCM Policy reviewed and adopted by Council by 31 March 2026	
								Number	E2.2.3	Number of Quarterly report on the implementation of SCM policy reported to Council	4			4 Report on the implementation of SCM policy reported to Council by 30 June 2026	
								Date	E2.2.4	Date the Organisational procurement plan approved				Organisational procurement plan approved by the CFO on or before 31 March 2026	
	Sound Financial Management	To budget and report on all Municipal financial transactions according to legislation	E3	Compliance with MFMA	E3.1				Date	E3.1.1	Date Draft Budget tabled approved by Council	31-Mar			Draft Budget tabled approved by Council on or before 31 March 2026
										E3.1.2	Date Final Budget approved by Council	31-May			Final Budget approved by Council on or before 31 May 2026
									Number	E3.1.3	Number of meetings conducted to review the Rates and Tariffs (Budget Road Shows) by 30 June 2026	1			1 Meeting conducted to review the Rates and Tariffs (Budget Road Shows) by 30 June 2026
										E3.1.4	Number of Budget Steering Committee meeting held				2 Budget Steering Committee meetings held by 30 June 2026
									Date	E3.1.5	Date Mid-Year budget review approved by Council	25-Jan			Mid-Year budget reviewed approved by Council on or before 25 January 2026
										E3.1.6	Date Adjustment budget approved	25-Feb			Adjustment budget approved by Council on or before 25 February 2026
										E3.1.7	Date 2024/2025 Financial year AFS submitted to Auditor General	31-Aug			2024/2025 Financial Year AFS submitted to Auditor General on or before 31 August 2025
									%	E3.1.8	% of leased properties with valid lease agreements	100%			100% of leased properties with valid lease agreements by 30 June 2026
									Number	E3.1.9	Number of VAT returns submitted to SARS	12			12 VAT returns submitted to SARS by 30 June 2026

The purpose of the report is on the trend in Revenue to track Revenue performance, measure the Revenue Enhancement initiatives and be able to take remedial action accordingly. To provide status quo on Reconciliations to date.



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

## 2 Report on Debtors Management

### 2.1 Age Analysis vs C schedule

The following represents the comparison for December 2025, between the C schedules & debtors age analysis:

Dec-25					
C schedule			Debtors age analysis		Differences
Category		Value	Category	Value	
Organs of state	R	-	Organs of state	R 6 014 724,50	-R 6 014 724,50
Commercial	R	-	Commercial	R 8 629 953,89	-R 8 629 953,89
Households	R	-	Households	R 49 868 093,85	-R 49 868 093,85
Other	R	-	Other	R 119 124 795,54	-R 119 124 795,54
<b>TOTAL</b>		<b>R183 258 262,00</b>		<b>R 183 637 567,78</b>	<b>-R 379 305,78</b>

#### Key observations & recommendations (December 2025):

- It is observed that there are differences in TOTAL of **R 379 305.78** between the C schedules & Age Analysis.
- C schedules are not being populated for categories State, Commercial & Households; To engage the service provider to ensure alignment



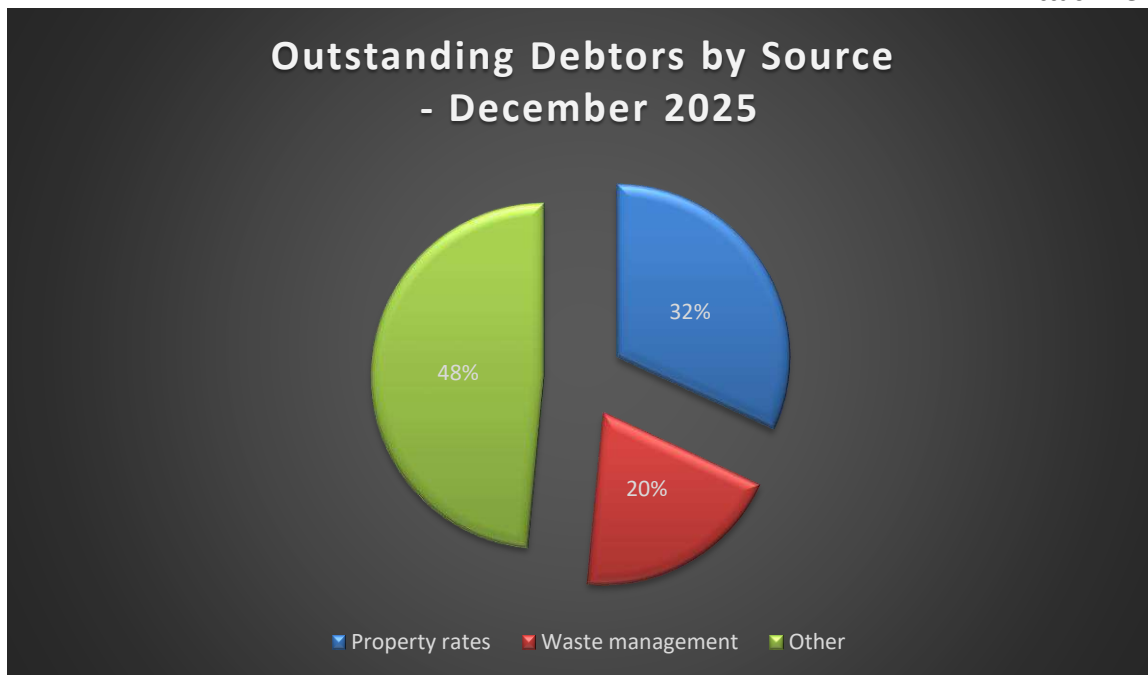
REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

2.2 Analysis of Debtors by Income Source

KZN223 Mpofana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2025/26								Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				
R thousands	Code										over 90 days	Off against Debtors	Council Policy
R thousands													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 725	1 598	-	1 587	1	5	-	149	5 066	1 742	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 345	1 064	1 143	969	1 016	956	5 206	46 759	58 458	54 906	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	563	541	522	509	488	488	3 018	29 810	35 940	34 314	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	15	12	10	10	(956)	18	37	1 116	262	225	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	(2)	(11)	(14)	(14)	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	1 650	1 546	955	405	274	157	329	78 229	83 547	79 395	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5 299</b>	<b>4 762</b>	<b>2 629</b>	<b>3 481</b>	<b>824</b>	<b>1 624</b>	<b>8 588</b>	<b>156 052</b>	<b>183 258</b>	<b>170 568</b>	<b>-</b>	<b>-</b>

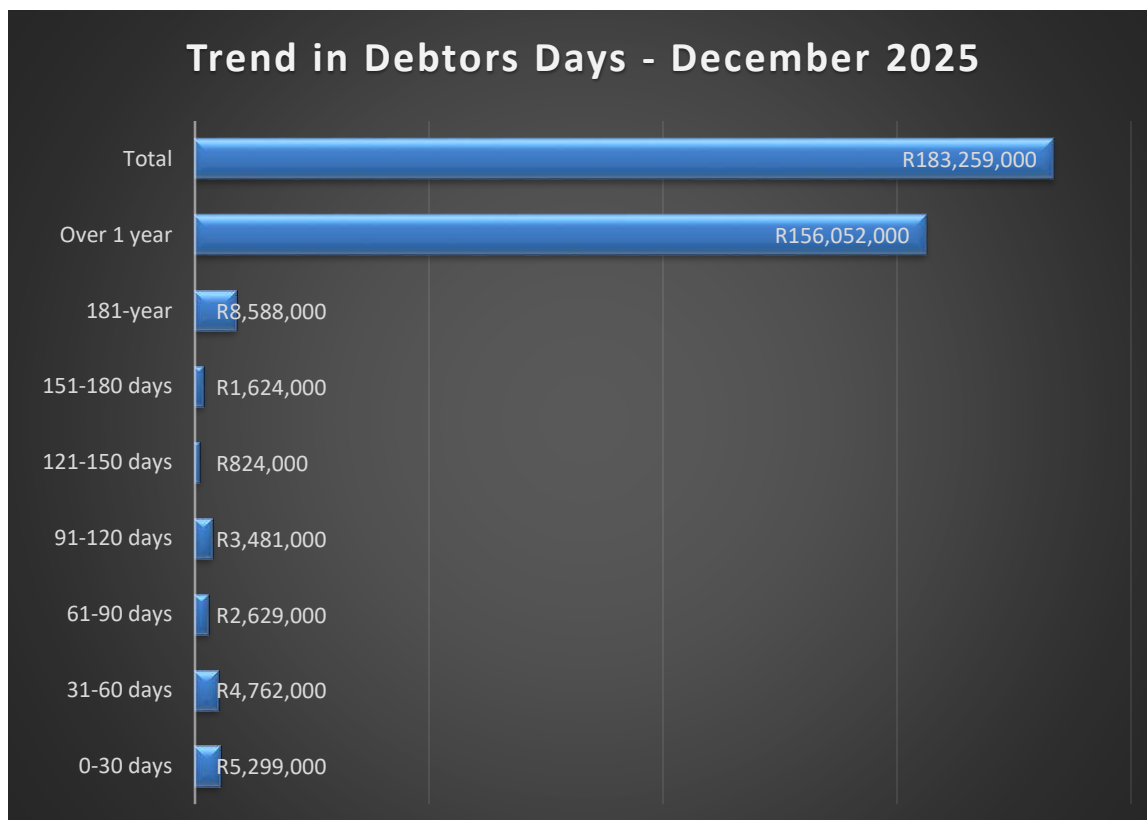


**Key observations & recommendations (December 2025):**

- It can be clearly seen from the table & illustration above, that when comparing Debtors age analysis by Income Source, the category with the highest debtors is Other **R 88 860 m**, i.e. **48%**
- It is recommended that this category of “Other” is investigated via the accounting system to identify the source of debtors and allocate correctly by Income Source



### 2.3 Analysis of Debtors by Days outstanding



#### Key observations & recommendations (December 2025):

- It can be clearly seen from the table above, that when comparing Debtors age analysis by Outstanding days, the category with the highest debtors is Over a year, at **R 156 052 m**, from a total of **R 183 259 m**, which represents **86%**.
- It is recommended that the age analysis be reviewed monthly & to engage the system provider, as it appears the debtors age analysis by customer group is incorrectly classified, as “Other”. Accountant Billing shall engage the service provider accordingly.



## REVENUE TREND ANALYSIS REPORT – (December 2025)

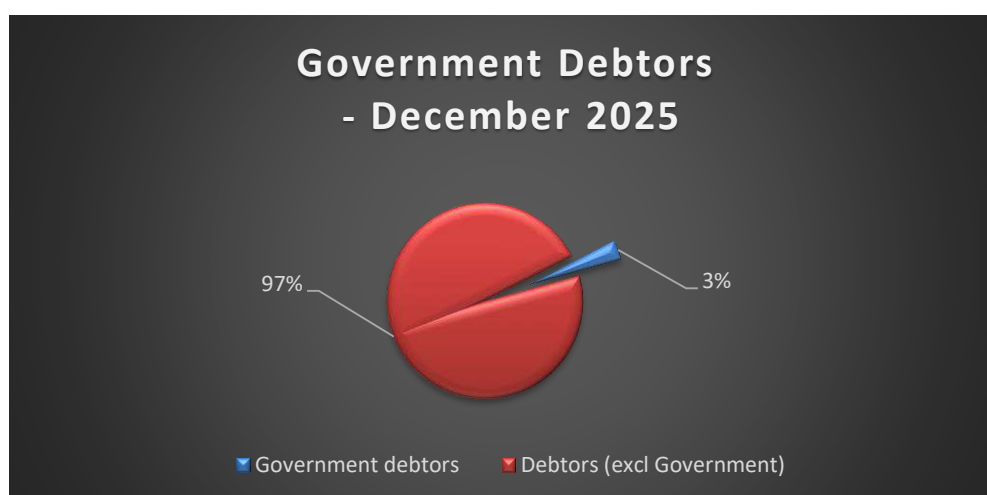
### Attachment 1

#### 2.4 Analysis of Debtors – Government

The Debtors age analysis for December 2025, was obtained & analysed. It was sorted from the Master into Government & Non-Governmental debtors. The Non-Governmental Debtors, was further analysed, ranked from highest to lowest, and the TOP 100 Debtors excluding Government identified.

The following illustrates the percentage of Government debtors from overall debtors age analysis:

<b>OVERVIEW OF ALL DEBTORS - Dec 2025</b>		
Government Debtors	R 6 014 724,50	3%
Debtors (excluding GOVT)	R 177 622 843,28	97%
<b>TOTAL</b>	<b>R 183 637 567,78</b>	<b>100%</b>



#### Key observations & recommendations (December 2025):

- It can be clearly seen from the table and illustration above, that Government debt comprises **3%** of total debt, for an amount of **R 6 014 m**
- These debtors must be included in a Revenue implementation plan, with key deliverables, responsible persons & timelines
- The progress to be reported & monitored on a monthly basis



## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1

#### 2.5 Analysis of Debtors – TOP 100

The analysis of TOP 100 Debtors, shall be performed in January 2026.

The following illustrates the Overview of TOP 100 debtors (excluding government), for October 2025:

<b>OVERVIEW OF TOP 100 DEBTORS (excl GOVT) - Oct 2025</b>			
<b>No of debtors</b>	<b>Category (excl GOVT)</b>	<b>Total</b>	<b>%</b>
46	Group By Group: 2300 (Business)	R 13 835 292,07	53%
37	Group By Group: 2400 (Households)	R 7 321 315,07	28%
16	Group By Group: 2500 (Other)	R 3 304 223,09	13%
1	Group By Group: Sundry Debtor (Sundry Debtor)	R 1 588 706,93	6%
<b>100</b>		<b>R 26 049 537,16</b>	<b>100%</b>

#### **Key observations & recommendations (October 2025):**

- The 2 highest categories from the TOP 100 Debtors are:
  - Business/Commercial (**46** Debtors with **R 13 835 m** owing)
  - Households (**37** Debtors with **R 7 321 m** owing)
- These debtors must be included in a Revenue implementation plan, with key deliverables, responsible persons & timelines
- The progress to be reported & monitored on a monthly basis



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

2.6 Report on Valuation Roll reconciliation

The following reconciliations have been performed: December 2025:

Property Rates Reconciliation						
Province	KZN					
District	Umgungundlovu District					
Type	LM					
Municipal Name	Mpofana					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 2					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
Property Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3616	5	1 222 860 500,00	1 212 270 500,00	10 590 000,00
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	134	0	444 535 000,00	444 535 000,00	-
Agricultural	724	726	-2	3 021 575 000,00	3 029 065 000,00	- 7 490 000,00
Mining	0	0	0	-	-	-
State Owned for Public Purpose	26	26	0	138 340 000,00	138 340 000,00	-
PSI	345	345	0	15 711 000,00	15 711 000,00	-
PBO	36	36	0	125 790 000,00	125 790 000,00	-
Multi Use	19	19	0	-	-	-
Vacant	324	327	-3	53 672 000,00	56 322 000,00	- 2 650 000,00
POW	15	15	0	25 070 000,00	25 070 000,00	-
Municipal	611	611	0	95 008 000,00	95 008 000,00	-
Other	62	62	0	39 880 000,00	39 880 000,00	-
	<b>5938</b>	<b>5938</b>	<b>0</b>	<b>5 257 571 500,00</b>	<b>5 257 121 500,00</b>	<b>450 000,00</b>
Detailed Reconciliation						
Property Categories	Monthly Billing			Quarterly		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	781 170	505 090	276 080	2 343 509,83	1 515 271,17	828 238,66
Industrial	102 340	102 340	0	307 018,75	307 018,71	0,04
Business and Commercial	317 768	317 769	- 0	953 305,31	953 305,59	- 0,28
Agricultural	356 042	353 052	2 991	1 068 126,76	1 059 154,53	8 972,23
Mining	-	-	-	-	-	-
State Owned for Public Purpose	207 291	207 291	- 0	621 872,89	621 872,94	- 0,05
PSI	1 648	2 354	- 706	4 943,47	7 062,30	- 2 118,83
PBO	18 848	18 848	- 0	56 542,61	56 542,62	- 0,02
Multi Use	-	-	-	-	-	-
Vacant	40 209	42 195	- 1 985	120 627,82	126 584,16	- 5 956,34
POW	-	-	-	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>R1 825 315,81</b>	<b>R1 548 937,34</b>	<b>R276 378,47</b>	<b>5 475 947,42</b>	<b>4 646 812,02</b>	<b>829 135,40</b>

Prepared By

Date

DEC 2025 Reconciliation



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for No of Categories:

GV vs MFS						
Property Categories	Variances in NUMBER					
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	19	1	2	0	0	5
Industrial	0	0	0	0	0	0
Business & Commercial	-1	-1	-1	0	0	0
Agricultural	-2	-2	-2	0	0	-2
Mining	0	0	0	0	0	0
State	0	0	0	0	0	0
PSI	0	0	0	0	0	0
PBO	0	0	0	0	0	0
Multi Use	1	1	1	0	0	0
Vacant	-17	0	1	0	0	-3
POW	0	0	0	0	0	0
Municipal	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>-1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for Value of Categories:

GV vs MFS						
Property Categories	Variances in VALUE					
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -	R -	R 10 590 000
Industrial	R -	R -	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -	R -	-R 7 490 000
Mining	R -	R -	R -	R -	R -	R -
State	R -	R -	R -	R -	R -	R -
PSI	R -	R -	R -	R -	R -	R -
PBO	R -	R -	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -	R -	-R 2 650 000
POW	R -	R -	R -	R -	R -	R -
Municipal	R -	R -	R -	R -	R -	R -
Other	R -	R -	R -	R -	R -	R -
<b>TOTAL</b>	<b>-R2 249 465 500</b>	<b>-R2 280 495 500</b>	<b>-R 974 080 000</b>	<b>R -</b>	<b>R -</b>	<b>R 450 000</b>



### 3 Report on Credit Control

#### 3.1 Status of Cut Offs

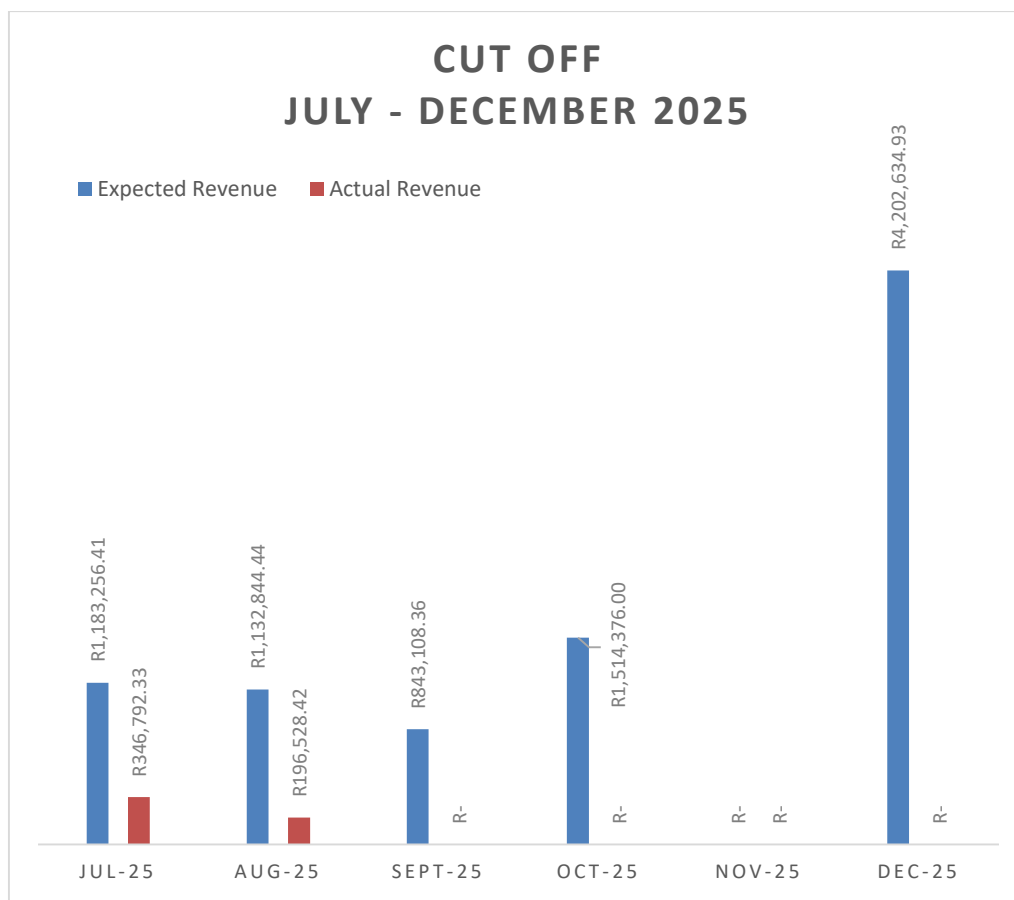
##### List of Residents Cut Off

Month	No of Residents	Expected Revenue	Actual Revenue Received	Collection rate
July 2025	37	1 183 256.41	346 792.33	29%
Aug 2025	35	1 132 844.44	196 528.42	17%
Sept 2025	21	843 108.36	-	-
Oct 2025	32	1 514 376.00	-	-
Nov 2025	0	-	-	-
Dec 2025	33	4 202 634.93	-	-
Jan 2026				
Feb 2026				
March 2026				
April 2026				
May 2026				
June2026				



## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1



#### **Key observations of Cut-offs (July to December 2025):**

- Disconnections are carried out after the due date for invoices, which is the 15th of each month. Prior to disconnection, notices are issued to debtors, allowing them a period of seven (7) days to respond.
- Revenue generated from the disconnections is recorded once the disconnection process has been completed.



REVENUE TREND ANALYSIS REPORT – (December 2025)

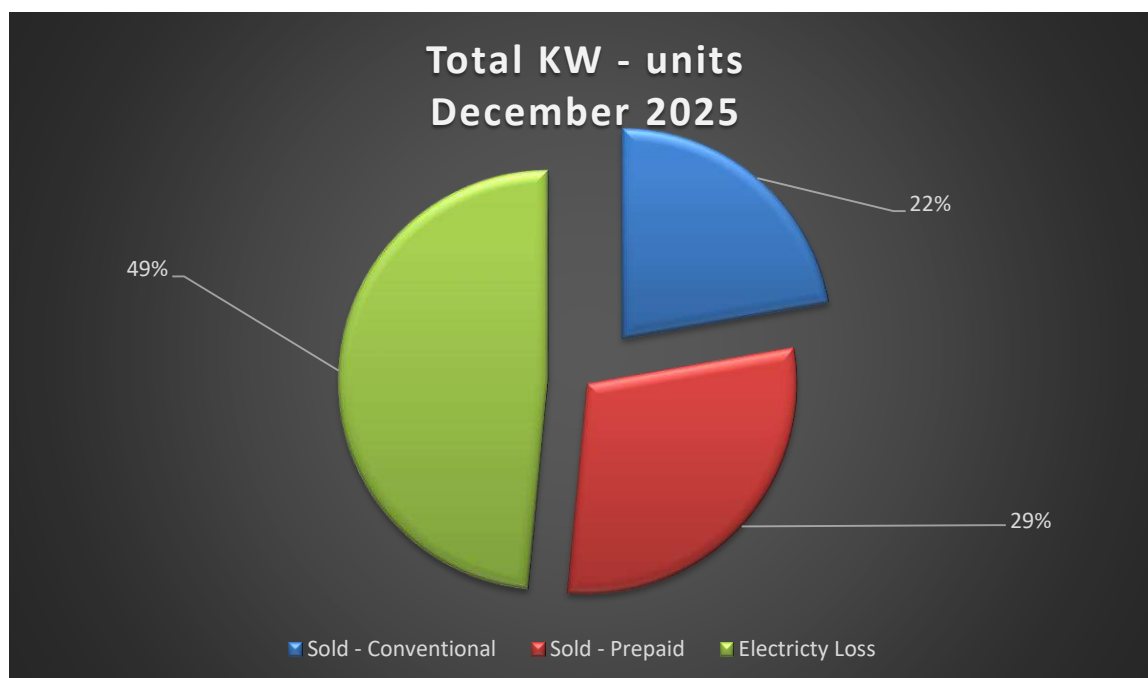
Attachment 1

3.2 Electricity Losses

The following provides an overview of Electricity Losses for December 2025:

DECEMBER 2025 ELECTRICITY LOSSES

	KW - UNITS				Sale per unit	Rand Value Lost R
	Purchases for 25/26	Sold to Conventional	Sold to Prepaid	Electricity Loss		
Energy Peak	3 134 747,84	838 049,00	0	2 296 698,84	5,37	12 342 516,98
Energy Std	6 824 730,12	1 361 016,00	4 789 052,60	674 661,52	2,90	1 957 793,04
Energy Off	6 397 882,88	1 438 957,00	0	4 958 925,88	1,47	7 305 861,53
	<b>16 357 360,84</b>	<b>3 638 022,00</b>	<b>4 789 052,60</b>	<b>7 930 286,24</b>		<b>21 606 171,55</b>
			Loss %	48,48%		



**Key Observations:**

- Total Units purchased is 16 357 360
- Total Units sold – Conventional 3 638 022 (i.e. 22%)
- Total Units sold – Prepaid 4 789 052 (i.e. 29%)
- Total electricity loss in Units – **7 930 286 (i.e. 49%)**

The impact of the above is that the Rand value lost for electricity, for December 2025 is

**R 21 606 171.**



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

### 3.3 Collection Rate

The table & illustrations below demonstrates the collection ratio and related trends for reporting period December 2025.

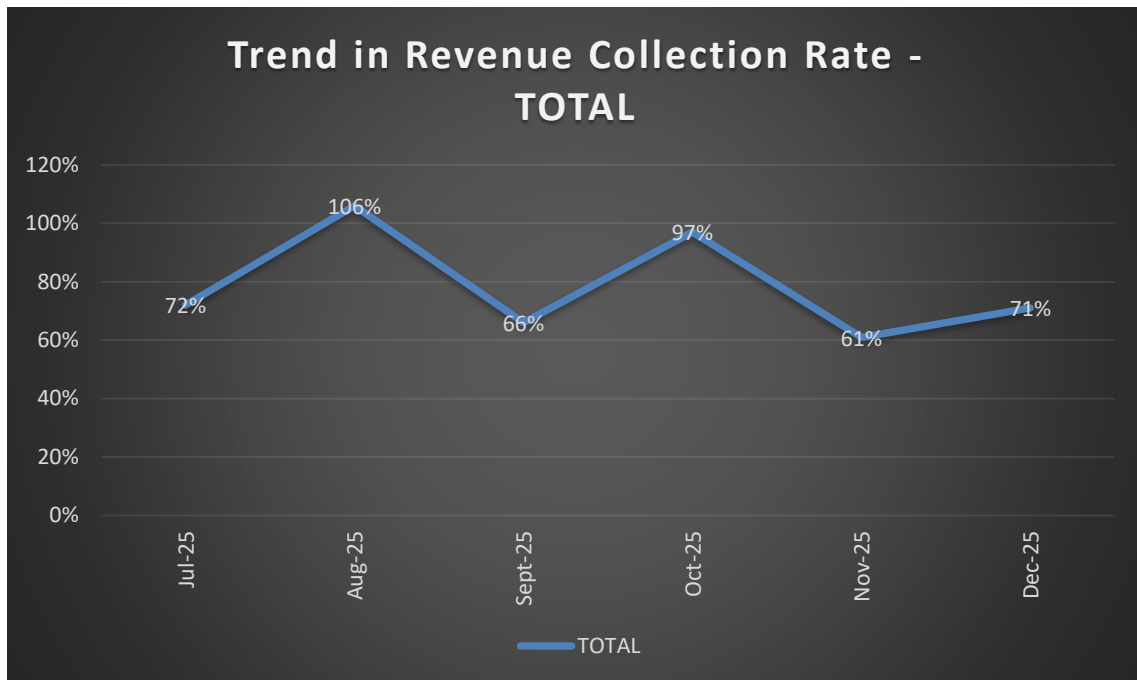
Collection Rate - Overview												
Reporting period	Property Rates			Electricity			Refuse			TOTAL		
	Billed	Received	Collection rate %	Billed prepaid+ conventional	Received Prepaid+ Conventional	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %
Jul-25	R 1 373 054,17	R 991 670,26	72%	R 4 164 960,55	R 3 288 847,90	79%	R 511 345,36	R 59 178,62	12%	R 6 049 360,08	R 4 339 696,78	72%
Aug-25	R 1 497 030,06	R 1 556 829,57	104%	R 3 408 202,95	R 4 136 635,37	121%	R 577 663,58	R 97 182,56	17%	R 5 482 896,59	R 5 790 647,50	106%
Sep-25	R 1 496 127,87	R 1 037 628,28	69%	R 3 862 564,55	R 2 788 878,82	72%	R 576 515,23	R 74 038,49	13%	R 5 935 207,65	R 3 900 545,59	66%
Oct-25	R 1 547 667,69	R 948 993,25	61%	R 5 707 639,27	R 6 560 880,01	115%	R 576 515,23	R 83 991,61	15%	R 7 831 822,19	R 7 593 864,87	97%
Nov-25	R 1 550 731,75	R 561 273,00	36%	R 5 344 994,22	R 3 958 889,00	74%	R 576 945,85	R 60 882,97	11%	R 7 472 671,82	R 4 581 044,97	61%
Dec-26	R 1 548 839,04	R 951 617,00	61%	R 5 858 682,00	R 4 669 649,00	80%	R 576 084,59	R 63 359,00	11%	R 7 983 605,63	R 5 684 625,00	71%
Jan-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Feb-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Mar-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Apr-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
May-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Jun-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!



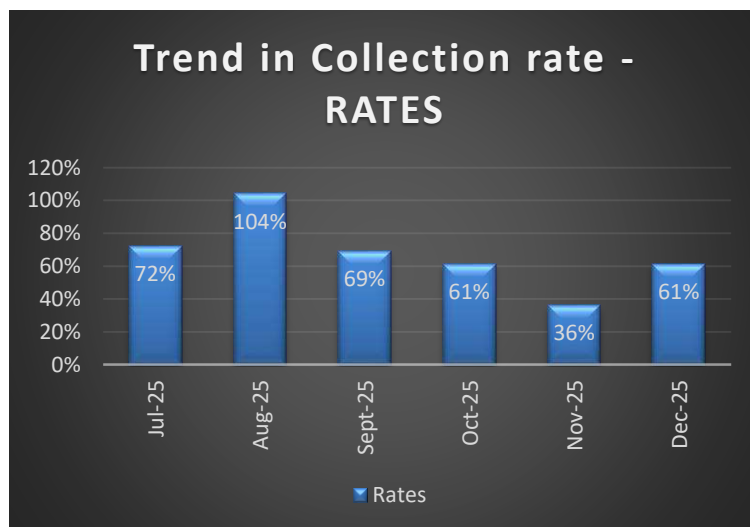
REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

Trend in Collection rate - Total:



Trend in Collection rate - Rates:

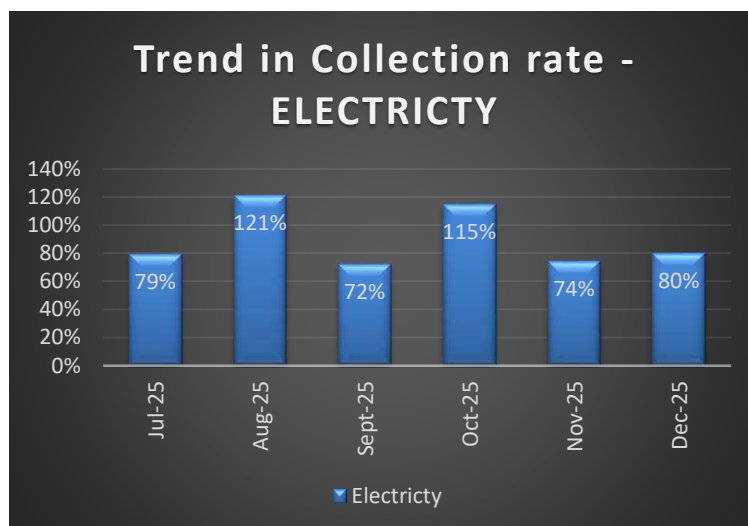




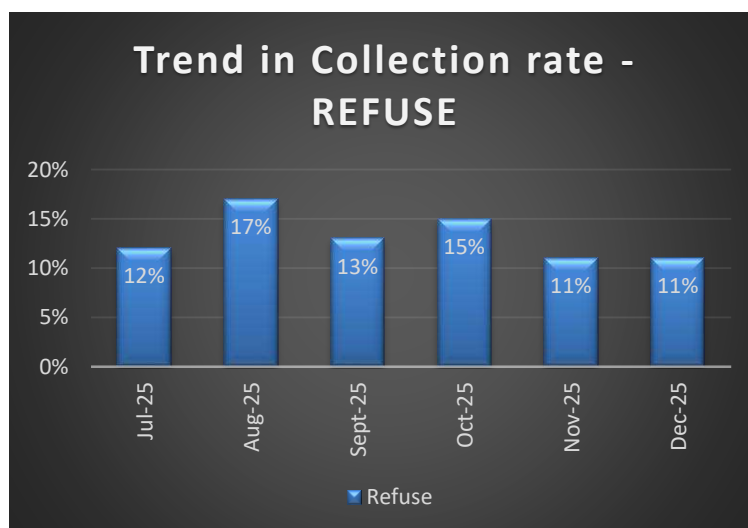
## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1

#### Trend in Collection rate – Electricity:



#### Trend in Collection rate – Refuse:





## 4 Report on Indigent management

### **Legislation & Background:**

The Municipal Services Act states that the municipality must develop its indigent policy to target FBS to indigent households. The Act requires the municipality to adopt, maintain, and implement a credit control and debt collection policy, which must make “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

The provision of FBS is through the local implementation of municipal indigent policy. According to Stats SA 2016 CS; it was estimated that there were 26919 indigent households identified in RMLM.

### **Current Status of Indigent Debtors management:**

As at the start of the financial year, campaigns have been initiated with public notices to invite the public to apply for Indigent support. As part of the application, and to encourage applicants, it was indicated that those who do not apply, and are Indigent with outstanding balances, shall be disconnected.

Indigent process plan was developed, served to Council & approved. The Draft Indigent register has been completed & sent for review to COGTA.

Currently the Budget provision for free basic services has not been made in the 2025/26 Annual Budget process. However, the indigent register has been approved by council.



## 5 Revenue Assessments

### **Background**

The Single and Integrated Revenue Management Framework (SIRMF) is a national framework for revenue management, and incorporates an assessment tool that is aligned to the revenue management value chain.

The tool was used to assess the revenue management capacity of **Mopofana Local Municipality**, in August – October 2024, highlight the status quo of revenue management, and generate content that is used to develop a Revenue Management Improvement Programme.

### **Assessment results**

The municipality was assessed overall at **48%**, which indicates an "Average" result. It suggests that the functional areas are performing adequately, but there is room for improvement. Further, illustrates a balanced performance with both strengths and areas that require attention and enhancement.

### **Recommendations:**

For each Revenue Focus area, where questions are rated as Poor, Very Poor, an implementation plan was developed with corrective action.

Since the Revenue Assessment results, monthly Revenue Reports have been compiled by the Revenue unit, and submitted to the ACFO/Accounting Officer/ Municipal Representative on monthly basis for consideration, and necessary oversight.



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

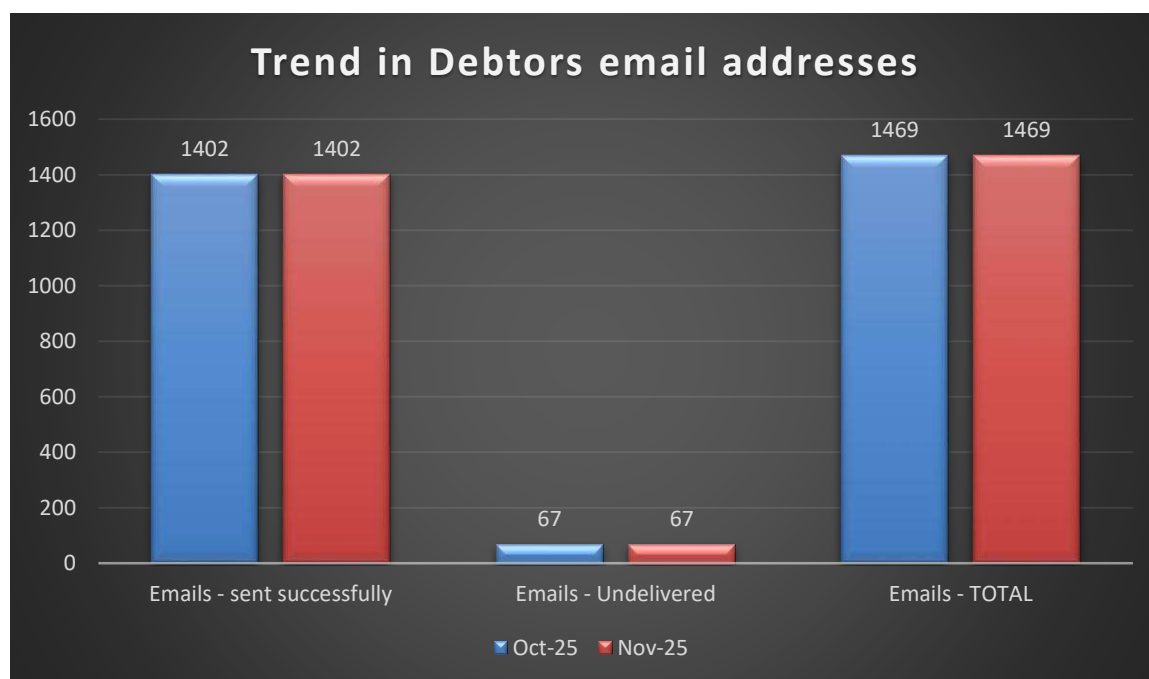
## 6 Report on Debtors email addresses

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the dispatch of rates payers' accounts.

No report was extracted for December 2025.

A Report was extracted for November 2025 from the system, and the following are the findings, for consideration:

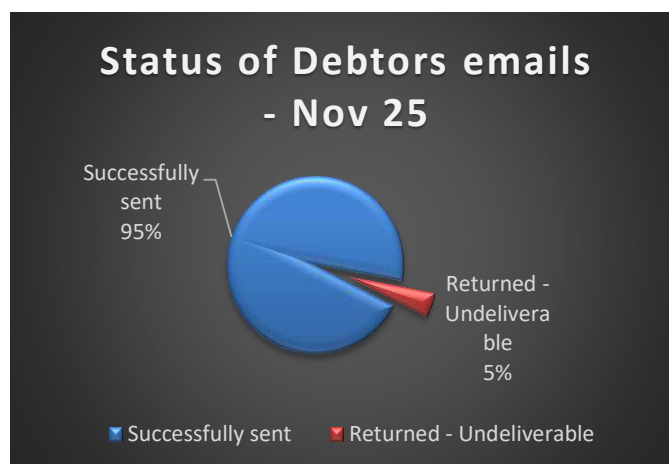
Description	October 2025	November 2025
Emails - Successfully sent	1 402	1402
Emails Returned - undeliverable	67	67
<b>TOTAL ACCOUNTS CAPTURED</b> (with email addresses)	<b>1 469</b>	<b>1 469</b>





## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1



#### **Observations (November 2025)**

1. No of emails successfully sent to Debtors are **1 402**, i.e. 95%.
2. No of emails returned are **67**, i.e.5%
3. There is no action taken to reduce the 67 return emails, as the difference is the same for October & November 2025

#### **Recommendations**

1. The 67 debtors whose email addresses have been returned as undeliverable, must be investigated & resolved
2. Utilise contact via telephone, in person, in order to obtain the correct email addresses.
3. Monthly monitoring must be performed & reported accordingly



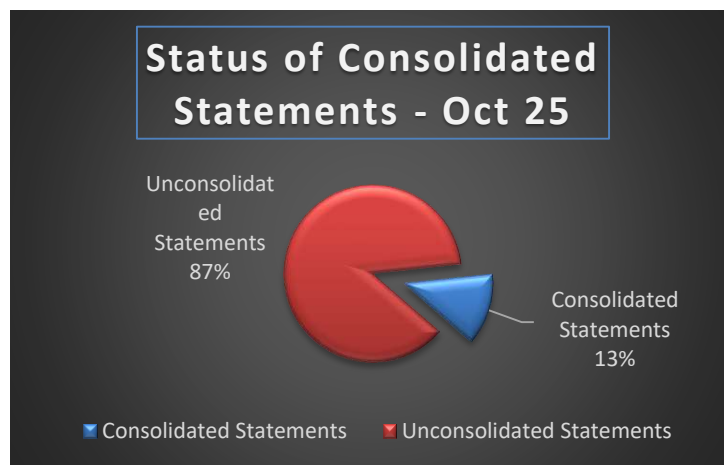
## 7 Report on Debtors Consolidated Statements

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor's statements that are Consolidated for all services, and debtors accounts which are stand alone.

There was no system report generated for November & December 2025; hence no further analysis could be performed.

A Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Debtors	% of Debtors
Consolidated statements	454	13%
Unconsolidated statements	3 028	87%
<b>TOTAL ACCOUNTS ON SYSTEM</b>	<b>3 482</b>	<b>100%</b>





## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1

#### Observations (October 2025)

1. No of statements consolidated are **454**, i.e. 13%.
2. No of statements unconsolidated are **3 028**, i.e.87%

#### Recommendations

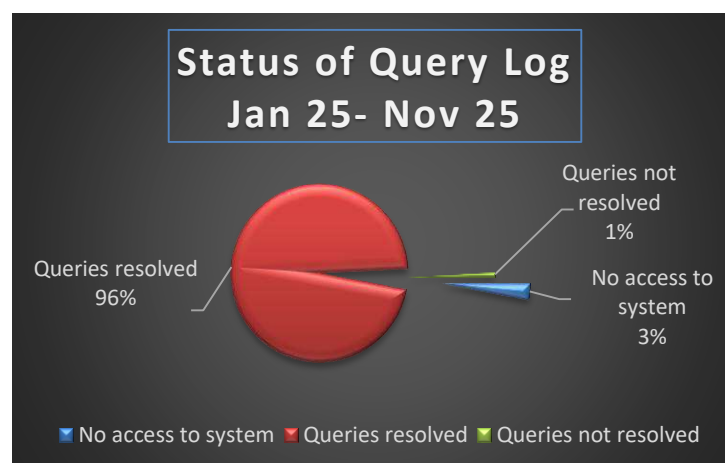
1. The **3 028** debtors whose statements are not consolidated, must be analysed & investigated. The reasons for not being consolidated, must be communicated to the CFO. Based on the outcome, an implementation plan must be devised to address these accordingly.
2. Monthly monitoring must be performed & reported accordingly

## 8 Report on Customer Care – Queries management

No report was extracted for December 2025.

In order to determine whether Customer Care is functioning well at the municipality, the Schedule for Queries was analysed, and the following represents the status quo from January 2025 to November 2025, with the findings, for consideration:

Description	No	%
No access to system	4	3%
Queries resolved	131	96%
Queries NOT resolved	1	1%
<b>TOTAL QUERY LOG</b>	<b>136</b>	<b>100%</b>





## REVENUE TREND ANALYSIS REPORT – (December 2025)

### Attachment 1

#### Observations (November 2025)

1. No access to system is **4** days, i.e. 3%
2. No of queries resolved are **131**, i.e. 96%.
3. No of queries NOT resolved are **1**, i.e.1%

#### Recommendations

1. The **1 query** which have not been resolved, must be referred to the Accountant and or Manager Revenue to resolve.
2. Monthly monitoring must be performed & reported accordingly



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

## 9 Revenue Training

- A total of **90** training sessions were conducted in previous financial year, from July 2024- June 2025, which have been facilitated by the MFIP (Municipal Finance Improvement Programme) Advisor, seconded by National Treasury. All POEs are maintained on file for audit purposes.
- In the month of **December 2025**, a total of **8** training sessions, highlighted below, have been facilitated by the MFIP (Municipal Finance Improvement Programme) Advisor, seconded by National Treasury. All POEs are maintained for audit purposes.
- To date, for 2025/2026 financial year, a TOTAL no of **73** training sessions, facilitated, between July 2025 – December 2025, as follows:

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
1	1 July 2025	GV Recon working session - June 25 (Pre-Bill)	Revenue unit	1
2	3 July 2025	Working session/on the job training Cost reflective tariff assessment on FINAL 25/26	Budget unit	1
3	4 July 2025	Debt relief status report - May 25	Revenue unit	1
4	9 July 2025	GV Recon working session - June 25 (Post Bill)	Revenue unit	2
5	10 July 2025	Internal Controls for check between FAR & TB	Asset unit	2
6	11 July 2025	Follow up-Internal Controls for check between FAR & TB	Asset unit	2
7	11 July 2025	Recalculation Retentions & Commitments	Asset unit	2
8	15 July 2025	Comparison of revised GV July 25 to April 25	Revenue unit	1
9	15 July 2025	Performed year end check of Tariffs 24/25	Revenue unit	1
10	18 July 2025	Section 71 Trend Report & analyses - June 2025	Budget unit	1
11	23 July 2025	Facilitated working session Invoice register - July 24 to June 25	Expenditure unit	1
12	23 July 2025	Expenditure monthly report & Management - June 25	Expenditure unit	1
13	23 July 2025	GV Recon working session - July 25 (Pre-Bill)	Revenue unit	1
14	31 July 2025	GV Recon working session - July 25 (Post-Bill)	Revenue unit	1
15	13 Aug 2025	Debt relief status report - June 25	Budget unit	1



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
16	14 Aug 2025	Working session to address Debtors accuracy	Revenue unit	1
17	14 Aug 2025	Working session to address Age vs GL Debtors accuracy	Expenditure unit	1
18	21 Aug 2025	GV Recon working session - Aug 25 (Pre-Bill)	Revenue unit	2
19	21 Aug 2025	Revenue Report - July 25	Revenue unit	1
20	28 Aug 2025	GV Recon working session - Aug 25 (Post-Bill)	Revenue unit	2
21	28 Aug 2025	Section 71 Trend Report & analyses - July 2025	Budget unit	1
22	29 Aug 2025	Facilitated training on Expenditure Mgt Report - July 25	Expenditure unit	1
23	29 Aug 2025	Facilitated training on Debt Relief Mgt Report - July 25	Budget unit	1
24	5 Sept 2025	Facilitated training on Employee costs recon template - July 25	Expenditure unit	1
25	10 Sept 2025	Facilitated training (revenue recons) - Aug 25	Revenue unit	1
26	12 Sept 2025	Revenue Report - Aug 25	Revenue unit	1
27	17 Sept 2025	Facilitated training on Credit Control & Debt policy -2025/26	Revenue unit	4
28	18 Sept 2025	Facilitated training on Banking, Cash & Invest policy -2025/26	Revenue unit	4
29	18 Sept 2025	Facilitated training on Expenditure mgt Report - Aug 25	Expenditure unit	1
30	19 Sept 2025	Facilitated training on Debt write-off policy -2025/26	Revenue unit	4
31	25 Sept 2025	GV Recon working session - Sept 25 (Pre-Bill)	Revenue unit	1
32	25 Sept 2025	Section 71 Trend Report & analyses - Aug 2025	Budget unit	2
33	26 Sept 2025	GV Recon working session - Sept 25 (Post Bill)	Revenue unit	1
34	26 Sept 2025	Facilitated training on Debt Relief mgt Report - August 25	Revenue unit	2
35	1 Oct 2025	Facilitated training on Rates policy -2025/26	Revenue unit	7
36	1 Oct 2025	GV Recon working session - Sept 25 (Post Bill) - FINAL	Revenue unit	1
37	3 Oct 2025	Facilitated training on Tariff policy -2025/26	Revenue unit	7
38	9 Oct 2025	GV Recon working session - Oct 25 (Pre Bill)	Revenue unit	1
39	15 Oct 2025	Facilitated training on Budget & Virement policy -2025/26	Budget unit	2
40	16 Oct 2025	Facilitated training on Revenue mgt/Report - Sept 25	Revenue unit	3



REVENUE TREND ANALYSIS REPORT – (December 2025)

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REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
41	16 Oct 2025	Section 71 Trend Report & analyses - Sept 2025	Budget unit	2
42	23 Oct 2025	GV Recon working session - Oct 25 (Pre Bill)	Revenue unit	1
43	23 Oct 2025	Facilitated training on Debt Relief mgt - Sept 25	Revenue unit	1
44	24 Oct 2025	Facilitated training on Debt Relief report writing - Sept 25	Revenue unit	1
45	24 Oct 2025	Section 71 Trend Report & analyses - Sept 2025	Budget unit	1
46	29 Oct 2025	Debtors' analysis-email addresses - Oct 25	Revenue unit	1
47	29 Oct 2025	Debtors' analysis-Consolidated statements - Oct 25	Revenue unit	1
48	30 Oct 2025	Facilitated training on MFMA Section 75 templates	Budget unit	1
49	31 Oct 2025	GV Recon working session - Oct 25 (Post Bill)	Revenue unit	1
50	31 Oct 2025	Expenditure monthly report & Management - Sept 25	Expenditure unit	1
51	6 Nov 2025	Facilitated training on MFMA Section 75 Report-Nov 25	Budget unit	1
52	7 Nov 2025	Facilitated training on MFMA Section 75 Report-Nov 25	Budget unit	1
53	7 Nov 2025	Facilitated training on Customer Care-Query Log Sheet-Oct 25	Revenue unit	1
54	12 Nov 2025	Age analysis - Oct 25 (C schedule comparison)	Revenue unit	1
55	12 Nov 2025	Age analysis - Oct 25 (GOVT vs other comparison)	Revenue unit	1
56	14 Nov 2025	Section 71 Narrative - GV status -Oct 25	Revenue unit	1
57	14 Nov 2025	Section 71 Narrative - Consolidated statements - Oct 25	Revenue unit	1
58	14 Nov 2025	Facilitated training on Revenue mgt/Report - Oct 25	Revenue unit	1
59	19 Nov 2025	Section 71 Trend Report - Oct 2025 (Accountant)	Revenue unit	1
60	19 Nov 2025	GV Recon working session - Nov 25 (pre-bill)	Revenue unit	2
61	20 Nov 2025	Section 71 Trend Report - Oct 2025 (Budget Clerk)	Revenue unit	1
62	26 Nov 2025	Facilitated training on Customer Care-Query Log Sheet-Nov 25	Revenue unit	1
63	27 Nov 2025	Facilitated training on Debt Relief mgt - Oct 25	Revenue unit	1
64	27 Nov 2025	Expenditure monthly report & Management - Oct 25	Revenue unit	1
65	28 Nov 2025	GV Recon working session - Nov 25 (pre-bill 2)	Revenue unit	1



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
66	3 Dec 2025	Section 71 Trend Report - Oct 2025 (Budget Clerk) Follow up	Revenue unit	1
67	3 Dec 2025	GV Recon working session - Nov 25 (FINAL)	Revenue unit	1
68	4 Dec 2025	Facilitated training on Customer Care-Query Log Sheet-Nov 25	Revenue unit	1
69	4 Dec 2025	Section 71 Trend Report - Combined PDF	Revenue unit	1
70	5 Dec 2025	Debtors' analysis-Consolidated statements	Revenue unit	1
71	5 Dec 2025	Debtors' analysis-Email addresses	Revenue unit	1
72	10 Dec 2025	Section 71 Narrative - Consolidated statements - Nov 25	Revenue unit	1
73	12 Dec 2025	Age analysis - Nov 25 (C schedule comparison)	Revenue unit	1

## 10 Status of Reconciliations

### 10.1 Summary Status

The following represents the progress on Revenue Reconciliations as of **December 2025**:

List	July 2025	Aug 2025	Sept 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	March 2026	April 2026	May 2026	June 2026
Bank & Investment	Yes	Yes	Yes	Yes	Yes	Yes						
Interest	Yes	Yes	Yes	Yes	Yes	Yes						
Unallocated deposits	Yes	Yes	Yes	Yes	Yes	Yes						
Rates	Yes	Yes	Yes	Yes	Yes	Yes						
Refuse	Yes	Yes	Yes	Yes	Yes	Yes						
Sundry – Rental	Yes	Yes	Yes	Yes	Yes	Yes						



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

## 10.2 Bank & Investment Reconciliation

The following is documented proof of signed reconciliation for December 2025:



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

10.3 Interest Reconciliation

The following is documented proof of reconciliation for **December 2025**:

MPOFANA LOCAL MUNICIPALITY								
CONSOLIDATED INVESTMENT REGISTER FOR DECEMBER 2025								
Investment Name	Account Number		Balance as at 01/07/2025	Invested/Re- invested	Withdrawals / Transfers	Penalties/ Early redemptions	Interest	Closing balance
<b>FIRST NATIONAL BANK</b>								
<a href="#">Municipal Reserve Account</a>	62173946040	Municipal Reserve	45 748,19	-	-	-	1 146,40	46 894,59
<a href="#">Housing Project Grant</a>	62187203957	Housing Project Townview	40 302,26	-	-	-	1 015,85	41 318,11
<a href="#">Municipal Assistance Programme</a>	62172493935	Municipal Ass Programme	12 126,20	-	-	-	232,90	12 359,10
<a href="#">Municipal Housing Account</a>	62237621760	Municipal Housing Account	7 835 355,51	24 020 000,00	30 696 000,00	-	171 396,97	1 330 752,48
<a href="#">Municipal Infrastructure grant</a>	62134172890	Municipal Infrastructure Grant	20 227,68	-	-	-	516,78	20 744,46
<a href="#">Museum Subsidy Account</a>	62854535790	Museum Subsidy	8 483,62	-	-	-	161,06	8 644,68
<a href="#">Library Subsidy Account</a>	62854534990	Library Subsidy Account	2 421,95	-	-	-	-	2 421,95
<a href="#">Small Town Rehabilitation Account</a>	62854538786	Small Town Rehabilitation Account	5 195,61	-	-	-	98,63	5 294,24
<a href="#">Disaster Relief Grant Account</a>	62854536607	Disaster Relief Grant Account	6 516,04	-	-	-	123,70	6 639,74
<a href="#">Finance Management Grant</a>	62854537449	Finance Management Grant	3 698,13	-	-	-	-	3 698,13
<b>Overall Investment Total</b>			<b>7 980 075,19</b>	<b>24 020 000,00</b>	<b>30 696 000,00</b>		<b>174 692,29</b>	<b>1 478 767,48</b>



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

### 10.4 Unallocated deposits Reconciliation

The following is documented proof of signed reconciliation for December 2025:



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

10.5 Rates Reconciliation

The following shows the reconciliation for **December 2025:**

Mpfana Municipality RATES		
DEC 2025		
<b>GL RATES</b>		
Agricultural Properties	O1331-1/R007145/F2496/X049/R1324/001/39	356 924.67
Business and Commercial Properties	O1331-2/R007141/F2496/X049/R1324/001/39	317 768.53
Vacant Land	O1331-4/R007148/F2496/X049/R1324/001/39	47 776.04
Industrial Properties	O1331-6/R007142/F2496/X049/R1324/001/39	102 339.57
Public Benefit Organisations	O1331-7/R007146/F2496/X049/R1324/001/39	18 847.54
Residential Properties	O1331-8/R007144/F2496/X049/R1324/001/39	914 399.62
Public Service Purposes Properties	O1331-9/R007147/F2496/X049/R1324/001/39	207 290.98
Rebate Residential Properties	O3512/R007145/F2496/X049/R1324/001/39	416 859.09
Public Service Infrastructure Properties	D0001/R007149/F2496/X049/R1324/001/39	2 354.10
<b>TOTAL GL</b>		<b>R 1 660 641.96</b>
<b>BILLING REPORT RATES</b>		
Public Benefit Organisations	D0001/R007149/F2496/X049/R1324/001/39	18 847.54
Agricultural Properties	O1331-1/R007145/F2496/X049/R1324/001/39	356 924.67
Business and Commercial Properties	O1331-2/R007141/F2496/X049/R1324/001/39	317 768.53
Vacant Land	O1331-4/R007148/F2496/X049/R1324/001/39	47 776.04
Industrial Properties	O1331-6/R007142/F2496/X049/R1324/001/39	102 339.57
Residential Properties	O1331-8/R007144/F2496/X049/R1324/001/39	902 307.44
Public Service Purposes Properties	O1331-9/R007147/F2496/X049/R1324/001/39	207 290.98
Rebate/Residential Properties	O3512/R007145/F2496/X049/R1324/001/39	406 671.53
Public Service Infrastructure Properties	D0001/R007149/F2496/X049/R1324/001/39	2 354.10
<b>TOTAL BILLING</b>		<b>R 1 548 937.34</b>
<b>VARIANCE BETWEEN GL &amp; BILLINGS REPORT</b>		<b>R 1 704.62</b>
<i>Difference is due to adjustments made to Billing as follows:</i>		
Business & Commercial		
Residential		
Rebate Residential		1 704.62

Prepared: K. Buthelesi  
 Reviewed: M. Mchise



Date: 2025/01/09

Date: 2025/01/09



REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

10.6 Refuse

The following shows the reconciliation for **December 2025**:

Mpfana Municipality  
REFUSE REMOVAL



DEC 2025

GL REFUSE REMOVAL	D0001/IR00992/F0930/X132/R1325/001/48	500 683.57
BILLING REPORT REFUSE	D0001/IR00992/F0930/X132/R1325/001/48	500 827.11
TOTAL		<u>(R 143.54)</u>
<b>VARIANCE BETWEEN GL &amp; BILLINGS REPORT</b>		<b><u>(R 143.54)</u></b>
<i>Difference is due to adjustments made to Billing as follows:</i>		
Journal		144
Round off		0.46

Preparer: K. Buthelezi

Date: 2026/01/09

Reviewer: M. Mkhize

Date: 2026/01/09




REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

10.7 Electricity

The following shows the reconciliation for December 2025:

Mpfana Municipality ELECTRICITY		
Date: 2025		
GL ELEC	D0001/IR01297/F0928/X035/R1325/001/48	1 817 561.85
TOTAL GL		<u>R 1 817 561.85</u>
BILLING REPORT ELECTRICITY	D0001/IR01297/F0928/X035/R1325/001/48	1 817 561.77
TOTAL BILLING		<u>R 1 817 561.77</u>
VARIANCE BETWEEN GL & BILLINGS REPORT		<u>R 0.08</u>
<i>Difference is due to adjustments made to GL as follows:</i>		
Roundoff		

Preparer: K. Ruthlezi 

Date: 2026/01/09

Reviewer: M. Mkhize 

Date: 2026/01/09




REVENUE TREND ANALYSIS REPORT – (December 2025)

Attachment 1

10.8 Sundry - Rental

The following shows the reconciliation for **December 2025:**

Mpofana Municipality RENTAL		
<b>DEC 2025</b>		
GL RENTAL	D0001/IR01091/FO046/X046/R1325/001/39	12 029.76
<b>TOTAL GL</b>		<u>R 12 029.76</u>
BILLING REPORT RENTAL	D0001/IR01091/FO046/X046/R1325/001/39	12 029.76
<b>TOTAL BILLING</b>		<u>R 12 029.76</u>
<b>VARIANCE BETWEEN GL &amp; BILLINGS REPORT</b>		<u>R 0.00</u>
<i>Difference is due to adjustments made to GL as follows:</i>		

Preparer: K. Buthelezi

Date: 2026/01/09

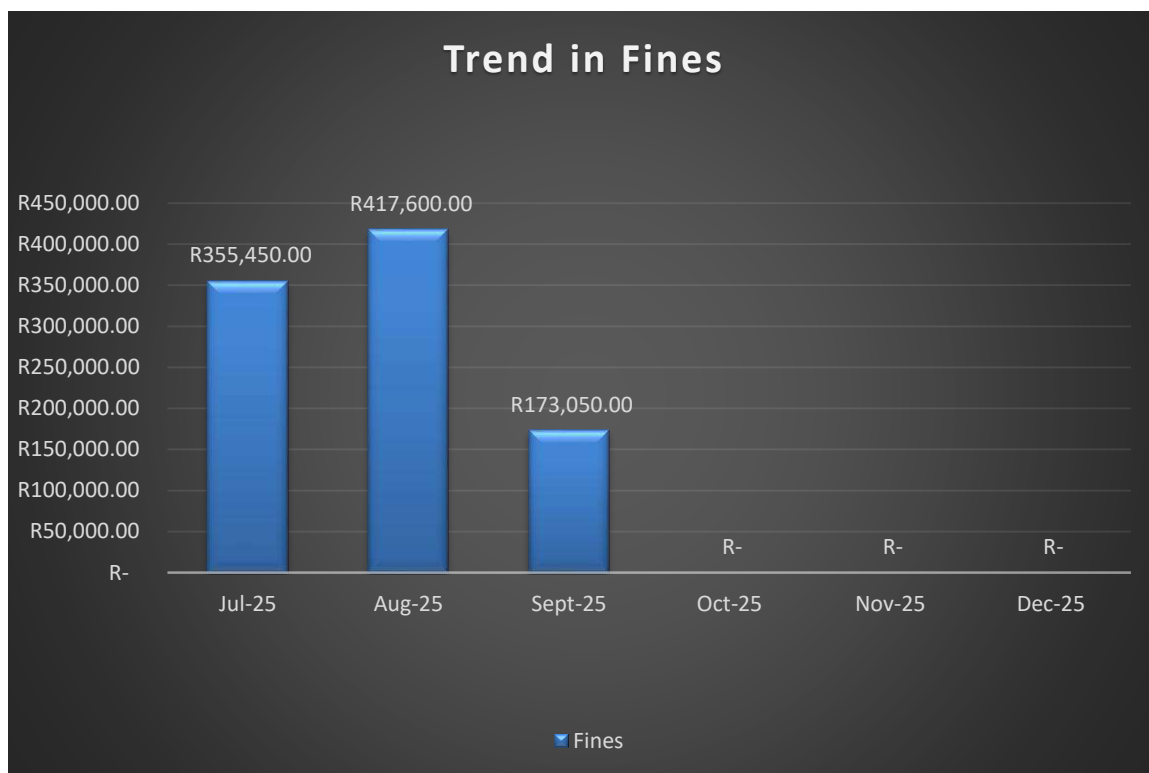
Reviewer: M. Mkhize

Date: 2026/01/09



### 10.9 Sundry - Fines

The following shows the revenue raised from July to December 2025 for traffic fines.





## 11 Recommendations

The following are considerations:

- The analytical results from the observations above to be noted, and to inform management of current status

### Prepared by:


<b>Name:</b>	Prudence Maharaj
<b>Designation:</b>	Accountant - Credit Control
<b>Signature:</b>	
<b>Date:</b>	

<b>Name:</b>	Khethiwe Buthelezi
<b>Designation:</b>	Accountant - Billing & Debtors
<b>Signature:</b>	
<b>Date:</b>	

### Reviewed by:

<b>Name:</b>	Mfanafuthi Mkhize
<b>Designation:</b>	Manager Risk and compliance
<b>Signature:</b>	
<b>Date:</b>	

**Annexure A2 - Monthly**



**National Treasury**  
**Municipal Debt Relief**  
 MFMA Circular No. 124  
 Municipal Finance Management Act No. 56 of 1993

**Mpumalanga Provincial Treasury**

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

Period: Dec 25  
 National Financial Year: 2025/26  
 Demarcation Code of Municipality being assessed: KZ1123

District: uMgungundlovu  
 Demarcation Description: Mpozana

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

**Municipal Debt Relief Conditions (Monthly reporting)** Choose from drop down list

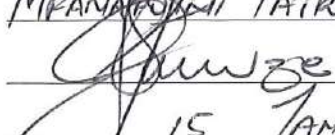
Condition	Description	Response	Notes/Comments
<b>6.3 Maintaining the Eskom and bulk water current account –</b> <i>(current account for the purpose of the revenue under the account for a single month's reporting)</i>			
6.3.1	- Has the municipality paid its <b>bulk water current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	Does not have function	
6.3.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal <a href="https://go.muniupload.treasury.gov.za/">https://go.muniupload.treasury.gov.za/</a> ?	Does not have function	
6.3.3	- 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?	Does not have function	
6.3.1	- Has the municipality paid its Eskom <b>bulk current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "True arrears" (March 2023 and / or subsequent current account(s) up to the date of MT approval of the application.</i>	No	No payment has been made in the month of December 2025
6.3.2	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal <a href="https://go.muniupload.treasury.gov.za/">https://go.muniupload.treasury.gov.za/</a> ?	No	No payment has been made in the month of December 2025
6.3.3	- 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?	No	No payment has been made in the month of December 2025
<b>6.4 Compliance with a funded MTREF –</b> <i>(choose from drop down list the MTREF assessed)</i>			
6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - <a href="https://mfma.treasury.gov.za/understand/Pages/Funding.aspx">https://mfma.treasury.gov.za/understand/Pages/Funding.aspx</a> ?	No	
6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A1 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
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 A1 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment (aligning with the historic collection trend) should also be 40 per cent of the 2025/26 MTREF revenue projection (also property rates). If the municipality instead used the debt impairment to "balance" the budget and there is no net alignment between the provision for debt with the actual collection of revenue, the Provincial Treasury must respond to this item as "No".</i>	Yes	
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 A1 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - If the municipality in any case the depreciation and asset impairment to "balance" the budget and there is no net alignment between the provision for debt with the state of asset register, the Provincial Treasury must respond to this item as "No".</i>	Yes	
6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the FRP must assess whether the existing FRP incorporates / will be added to a funded MTREF. If not, the FRP requires strengthening.</i>	No	
6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in Item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality plans not have an FRP may "N/A" be selected from the dropdown list.</i>	No	
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 Flow) 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	
6.5	<b>Cost reflective tariffs –</b> (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and Item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect from the tabling of the 2023/24 MTREF?	Yes	
<b>6.6 Electricity and water as collection tools –</b> has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:			
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	The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice. The municipality does not issue consolidated bills for accounts that are attached to Public Works
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	No disconnection List for December. However a Disconnection notice has been issued
6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: in terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of water.</i>	Does not have function	

Notes/Comments



# Attachment 3

41	6.14 NERSA Licenses - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No	Not applicable at this stage. Areas of non-compliance to be addressed and NT guidance to be issued in certain areas
<p><i>Note: By applying for Municipal Debt Relief as defined in paragraph 3 of MMA Certificate No. EM, 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 verify the municipality's status in terms of Section 17 of the Electricity Regulation Act, 2006 (ERA) as of 2024. Any such application will be processed by the relevant process for assessing an external contribution as envisaged in Chapter 4 of the Municipal Systems Act, 2001, including the necessary service delivery agreement complying with the Municipal Systems Act, 2001 and Electricity Regulation Act, 2006. In terms of the conditions of government's under support to Eskom, Eskom will only issue a loan to finance its credit control and debt collection policies that is related to the town supply system that are the subject of municipal debt relief, etc.</i></p>			

PP: HOD/NT/MM Name: MR ANASTASIOS PATRICK MKHIZE  
 PP: Signature of HOD/NT/MM:   
 Date: 15 JANUARY 2025

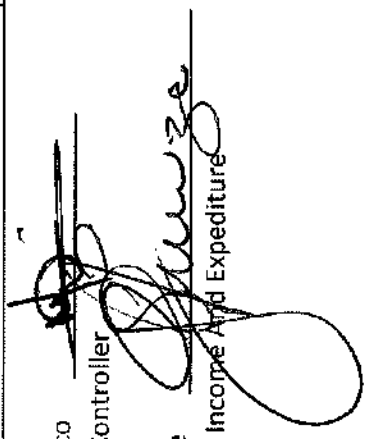
\*\*Note - If the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procuration of the HOD / MM must be attached as an Addendum to this Certificate of Compliance.

DISCONNECTION LIST FOR DECEMBER 2025				
ACCOUNT	NAME	BALANCE	PHYSICAL ADDRESS	DATE OF NOTICE
1107244	MOOI RIVER TAB	78 485.28	MARKET STREET	2026/01/05
10001020	19 Alexander Terrace Properties cc	18 343.94	19 Alexander Terrace	2026/01/05
1000144	B G Construction Pty Ltd	R786.32	45 LAWRENCE ROAD	2026/01/05
1000220	Bayat Ayesha Ismail	2 507.92	No 9 Lawrence Road	2026/01/05
1074480	DB MOTORS	85 911.65	OLD NCD BUILDING, MARKET STREET	2026/01/05
2003832	MIDLANDS VETERINARY WHOLESALERS (PTY)L	9 189.29	19 Alexander Terrace	2026/01/05
1117105	MOBILE TELEPHONE NETWORKS	82 662.58	STATION ROAD	2026/01/05
1000218	Mooi Service Station cc	31 651.33	15 MARKET STREET	2026/01/05
1004047	Moovet Properties cc	5 725.60	15 ALEXANDER TERRACE	2026/01/05
1117462	Morena S Projects Proprietary Limited	6 459.49	5 PARKER ROAD	2026/01/05
1118664	D DEPARTMENT OF EDUCATION-MPOFANA CIF	33 720.33	CLAUGHTON TERRACE	2026/01/05
2003327	G T GARY'S GENERAL ENGINEERING	53 107.53		2026/01/05
1112983	J JARK ENGINEERING CC	39 577.97	2 MARKET STREET (NEAR ESCO FEEDS)	2026/01/05
1000218	Mooi Service Station cc	31.651.70	15 MARKET STREET	2026/01/05
2003343	MS MEDICAL SUPERINTENDENT	409 518.21	BRUNTVILLE CHC, OLD MAIN ROAD	2026/01/05
2003555	MS TFMC PTY LTD	189 804.87	MARKET STREET	2026/01/05
1094425	Samuel Christopher Allen	9 415.06	1001 RIVERSDALE	2026/01/05
10000819	SASSA	2 048 035	58 NORFOLK TERRACE	2026/01/05
10000123	SHOPRITE CHECKERS PTY LTD	480 590.86	LAWRENCE ROAD	2026/01/05
10001046	Sibiya Vusi Funeral Services	50 640.64	35 York Terrace	2026/01/05
1023686	T TAI YUEN TEXTILE(4130210711)	186 393.00	THE PENINSULAR	2026/01/05
1022850	Tai Yuen Textile Co S A Pty Ltd	71 513.75	FACTORY OFFICE & DWELLINGS	2026/01/05
1025512	UMHLAHLANDLELA BUJAL SOCIETY	52060.76	MOSQUE BUILDING, MARKET ST.	2026/01/05
2003936	STANDARD BANK(4100105461)	28 417.16	claughton terrace	2026/01/05
10001660	Nicholson Anthony Lyndon	35 528.60	29 Claughton Terrace	2026/01/05
1000568	Verster Family Trust-Trustees	76 399.73	ALEXANDER TERRACE	2026/01/05
1107532	BK JOOSTE	15 866.62	60 NORFOLK TERRACE	2026/01/05
1107112	C G STILWELL	11 959.29	58 YORK TERRACE, MOOI RIVER	2026/01/05
1000662	Chang Chi-Lien	60 312.77	STIRLING TERRACE	2026/01/05
1000146	Mooi River Homes For Aged Trust	16 864.12	55 YORK TERRACE	2026/01/05
1019424	Mkhwanazi Alpheus Mzikayise	2 738.14	LOT 46 SUB 3 NORFOLK TERRACE	2026/01/05

1075431	V MUNGAROO	8 447.12	90 NORFOLK TERRACE	2026/01/05
1000066	Subramanian Terrance Clive	14 536.64	25 STIRLING TERRACE	2026/01/05
		<b>4 202 634.93</b>		

Prepared by : MIN Chonco

Revenue Controller



Approved by : M Mkhize

Manager Income And Expenditure



BBST46 213511  
 \*MPOFANA LOCAL MUNICIPALITY  
 P O BOX 47  
 MOOI RIVER  
 3300

☒ 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** Mlungiseleli Mnyani (031) 581 9765  
 ☎ (031) 581-9765

Customer VAT Registration Number Not Provided  
 Bank VAT Registration Number 4210102051

Public Sector Cheque Account : 62920117969

Tax Invoice/Statement Number : 46  
 Statement Period : 30 November 2025 to 31 December 2025  
 Statement Date : 31 December 2025

Statement Balances		Bank Charges		Interest Rate	
Opening Balance	8,950.42 Cr	Service Fees	0.00	Credit Rate**	3.50%
Closing Balance	8,957.03 Cr	Cash Deposit Fees	0.00	Debit Rate (Non-NCA)	12.25%
# Inclusive of VAT @ 15.00%	2.61 Dr	Cash Handling Fees	0.00		
Total VAT (ZAR)	2.61 Dr	Other Fees	20.00 Dr		

#### Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
31 Dec	Int On Credit Balance	26.61 Cr	8,977.03 Cr	
31 Dec	#Dormant Service Charge	20.00	8,957.03 Cr	
<b>Closing Balance</b>			<b>8,957.03 Cr</b>	

#### Turnover for Statement Period

No. Credit Transactions	1	26.61 Cr
No. Debit Transactions	1	20.00 Dr

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.

Branch Number	Account Number	Date	DDA DB/2G/AV/QJ/IT/CL/PC/I2/UR/N	FN
8208	62920117969	2025/12/31	PUBLIC SECTOR CHEQUE ACCOUNT	



EASTERN REGION  
PRIVATE BAG X16 Westville 3630



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

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

MPOFANA LOCAL MUNICIPALITY  
ATT CHIEF FINANCIAL OFFICER  
PO BOX 47  
MOOI RIVER  
3300

YOUR ACCOUNT NO	5253349658
SECURITY HELD	1.70
BILLING DATE	2025-11-18
TAX INVOICE NO	525308859112
ACCOUNT MONTH	NOVEMBER 2025
CURRENT DUE DATE	2025-12-18
VAT REG NO	4920101682

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

EASTERN REGION  
PRIVATE BAG X16 Westville 3630

DIRECT DEPOSIT DETAIL	
BANK:	First National Bank
BRANCH CODE:	223626
BANK ACC NO:	50850143295

### TAX INVOICE

E-MAIL: nosipho.govender@mpofana.gov.za

ACCOUNT TRANSACTION SUMMARY			
NON REBATABLE MONTHLY RENTAL		R	3,611.76
ADMINISTRATION CHARGE		R	609.77
TRANSMISSION NETWORK CAPACITY		R	158,100.00
DIST. NETWORK CAPACITY CHARGE		R	554,550.00
NETWORK DEMAND CHARGE		R	148,333.56
ANCILLARY SERVICE (ALL)		R	9,744.45
GENERATOR CAPACITY CHARGE		R	115,650.00
LEGACY CHARGE (ALL)		R	550,317.69
ENERGY CHARGE (STD)	1,035,363.00	R	1,655,338.36
ENERGY CHARGE (PEAK)	479,857.00	R	1,364,425.39
ENERGY CHARGE (OFF)	920,891.00	R	1,051,749.61
SERVICE CHARGE		R	6,260.22
ELECTRIFICATION AND RURAL SUBS (ALL)		R	122,292.82
<b>TOTAL CHARGES FOR BILLING PERIOD</b>		R	<b>5,738,973.63</b>
ACCOUNT SUMMARY FOR NOVEMBER 2025			
BALANCE BROUGHT FORWARD	(Due Date 2025-11-17)	R	650,660,940.33
TOTAL CHARGES FOR BILLING PERIOD		R	5,738,973.63
ADJUSTMENT	Interest on overdue account	R	1,600.15
ADJUSTMENT	Interest on overdue account	R	2,932,370.63
VAT RAISED ON ITEMS AT 15%		R	860,846.04
<b>CURRENT</b>			
9,533,790.45		<b>TOTAL DUE</b>	R 660,194,730.78
<b>ARREARS</b>			
>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS
615,640,954.64	25,701,326.16	9,318,659.53	0.00
Total outstanding debt must be settled immediately, subject to disconnection without further notice			

ACCOUNT NO / REFERENCE NO	
5253349658	
NAME	
MPOFANA LOCAL MUNICIPALITY	
FAX NUMBER	
unipay 7100 10 0010	

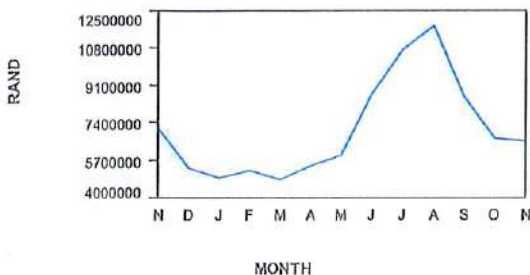
272157001 52533496589



9207 2525 3349 6582



<b>TOTAL AMOUNT DUE</b>
<b>660,194,730.78</b>



PAGE RUN NO	EE 17
BILL GROUP	
BILL PAGE	1 OF 2

PAYMENT ARRANGEMENT	
INSTALMENT	
	0.00
ARREARS (Due Immediately)	
	650,660,940.33
DUE DATE (For Current Amount)	
	2025-12-18
AMOUNT PAID	

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT



EASTERN REGION  
PRIVATE BAG X16 Westville 3630

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

MPOFANA LOCAL MUNICIPALITY  
ATT CHIEF FINANCIAL OFFICER  
PO BOX 47  
MOOI RIVER  
3300

YOUR ACCOUNT NO	5253349658
BILLING DATE	2025-11-18
TAX INVOICE NO	525308859112
ACCOUNT MONTH	NOVEMBER 2025
CURRENT DUE DATE	2025-12-18
VAT REG NO	4920101682
NOTIFIED MAX DEMAND	15,000.00
UTILISED CAPACITY	15,000.00

**CONSUMPTION DETAILS (2025-10-14 - 2025-11-13)**

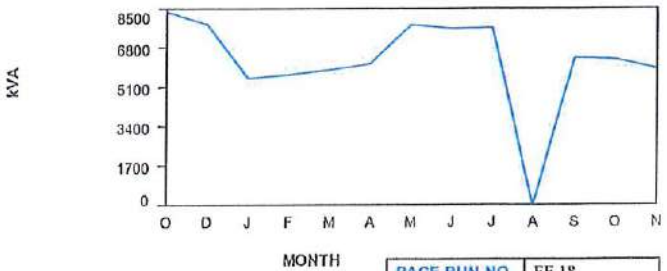
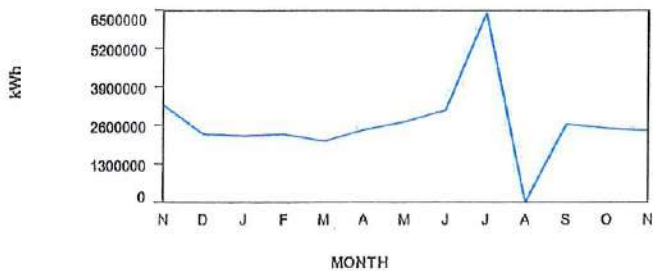
ENERGY CONSUMPTION OFF PEAK kWh	920,891.40
ENERGY CONSUMPTION STD kWh	1,035,363.48
ENERGY CONSUMPTION PEAK kWh	479,857.08
ENERGY CONSUMPTION ALL kWh	2,436,111.96
DEMAND CONSUMPTION - OFF PEAK	5,496.63
DEMAND CONSUMPTION - STD	5,863.03
DEMAND CONSUMPTION - PEAK	5,931.64
DEMAND READING - kW/KVA	5,931.64
REACTIVE ENERGY - OFF PEAK	341,443.80
REACTIVE ENERGY - STD	310,008.84
REACTIVE ENERGY - PEAK	122,697.86

PREMISE ID NUMBER 5253349233 TARIFF NAME: Municflex

06818 330 10 CLAUGHTON TERRACE

Administration Charge @ R19.67 per day for 31 days	R	609.77
TX Network Capacity Charge 15,000 kVa @ R10.54 : = R10.54/kVA	R	158,100.00
Network Capacity Charge 15,000 kVa @ R36.97 : = R36.97/kVA	R	554,550.00
Network Demand Charge 5,931.64 kVA @ R24.67 : = R24.67 /kVA	R	146,333.56
Ancillary Service Charge 2,436,112 kWh @ R0.004 /kWh	R	9,744.45
Generator Capacity Charge 15,000 kVa @ R7.71 : = R7.71/kVA	R	115,650.00
Legacy Charge 2,436,111.96 kWh @ R0.2259 /kWh	R	550,317.69
Low Season Standard Energy Charge 1,035,363 kWh @ R1.5988 /kWh	R	1,655,338.36
Low Season Peak Energy Charge 479,857 kWh @ R2.8434 /kWh	R	1,384,425.39
Low Season Off Peak Energy Charge 920,891 kWh @ R1.1421 /kWh	R	1,051,749.61
Service Charge @ R201.62 per day for 31 days	R	6,250.22
Electrification and Rural Subsidy 2,436,112 kWh @ R0.0502 /kWh	R	122,292.82
Premium Connection Charge R3,611.76	R	3,611.76

**TOTAL CHARGES** R 5,738,973.63



PAGE RUN NO	EE 18
BILL GROUP	
BILL PAGE	2 OF 2

Mpfana Municipality  
Creditors Reconciliation

Supplier: ESKOM

Account Number: 5253349858

Balance as per statement dated: 18/11/2025 R 660 194 730.78Less: Payments that do not appear on statement R 74 000.00

Date	Cheque Number / EFT Number	Amount
28/06/2019	Direct deposit	R 74 000.00
		R 0.00
		R -

Less: Credit notes not on statement / RFC R 0.00

		R -
--	--	-----

Add: Invoices for R & M services included in bulk purchase statement by supplier R 129 995.11

Date	P/Order no.	Invoice no	Amount
19/11/2018	Direct deposit		R 129 995.11
			R -

Less: Queries R 0.00

			R 0.00
			R 0.00
			R 0.00

Less: Credit notes / Adjustments R -

			R -
--	--	--	-----

R 660 250 725.89Balance as per statement R 660 250 725.89Balance as per age analysis 660 250 726.02Difference R -0.13Amount due as at the end of: 660 250 725.89Preparer: N. C. GOUENONSignature: [Signature]Date: 05/12/2025Reviewer: S. SitholeSignature: [Signature]Date: 05/12/2025

# Accounts Payable Age Analysis

## MPOFANA LOCAL MUNICIPALITY

Attachment 6 [ii]

Exclude Zero Balances Report Date: 2025/11/30

Accounts Payable Age Analysis Page 1 of 1

Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
ESK001 (Eskom)	586 971 450.63	18 660 806.56	11 564 692.69	13 418 407.46	10 782 918.70	9 318 659.53	9 533 790.45	660 250 726.02
<b>Totals:</b>	586 971 450.63	18 660 806.56	11 564 692.69	13 418 407.46	10 782 918.70	9 318 659.53	9 533 790.45	660 250 726.02
<b>% of Balance:</b>	38.90	2.83	1.75	2.03	1.63	1.41	1.44	



**OFFICE OF THE MUNICIPAL MANAGER**  
**MPOFANA MUNICIPALITY-UMASIPALA WASE MPOFANA**  
 10 CLAUGHTON TERRACE, MOOI RIVER 3300

Enquiries:	<i>Mrs T Cele</i>	Tel :	033-2631221	P.O BOX :	47
Imibuzo :		Ucingo :		Isikhwama sepos :	Mooi River
Navrae :		Telefoon :		Privaat Sak :	3300
Reference:	Section 71	Fax :	033-2631127	Date :	14/01/2026
Inkomba :		iFeksi :		Datum :	
Verwysing:		Faks :		Usuku :	

**Municipal manager's quality certificate**

I, Dr EH Dladla, Municipal Manager of Mpozana Local Municipality, hereby certify that the section 71 report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

**Print Name: Elphas Hlulukwenza Dladla**

**Municipal Manager of Mpozana Local Municipality (KZ223)**

Signature:

*[Handwritten Signature]*

Date :

*15 JANUARY 2025*