ITEM:

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REPORT TO THE MSUNDUZI MUNICIPAL COUNCIL

File Reference: 3.7.P
Report Number: 3

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Designation: SNR MANAGER: BUDGET PLANNING, IMPLE & MONIT PLAN

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FOR NOTING

1st Level: TMC: 20/10/2025
2nd Level: PORTFOLIO COMMITTEE: 22/10/2025
3rd Level: EXCO: 23/10/2025
4th Level: COUNCIL: 29/10/2025
5th Level: MPAC: 05/11/2025

SUBJECT: SECTION 71/52(D) OF MFMA NO.56 OF 2003 – MONTHLY/QUARTERLY BUDGET STATEMENTS AS AT THE END OF SEPTEMBER 2025

DATE: 10 OCTOBER 2025

1. PURPOSE

The purpose of the report is to appraise Council concerning Section 71 of the MFMA No. 56 of 2003 regarding monthly budget statements for the period ending 30 September 2025, report is submitted for noting.

2. BACKGROUND

2.1 In terms of Section 71 of MFMA, the Accounting Officer of the Municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

a) Actual revenue, per revenue source;

b) Actual expenditure, per vote;

c) Actual capital expenditure, per vote;

d) The amount of any allocations received and actual expenditure on grant allocations excluding expenditure on the equitable share.

e) when necessary, an explanation of—

i. any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;

ii. any material variances from the service delivery and budget implementation plan; and

f) Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality has approved budget.

2.2 In addition to the MFMA Section 71 stated above, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

2.3 In addition to the MFMA Section 71 stated above, Section 52(d) further requires the Mayor to, within 30 days of the end of each quarter; submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

3. LEGISLATIVE PROVISIONS / POLICIES

3.1 Section 71/52d of the Municipal Finance Management Act No. 56 of 2003

4. MOTIVATION/DISCUSSION

4.1 The MFMA section 71/52d

4.2 The Municipal Budget and Reporting Regulation (MBRR) requires that municipality prepare a report to Council on monthly budget statements.

5. COMMENTS FROM THE RELEVANT BUSINESS UNIT OR COMPONENT OF THE BUSINESS UNIT

N/A

5. IMPLICATIONS*:*

6.1 FINANCIAL

N/A

6.2 LEGAL

N/A

6.3 COMMUNICATION

N/A

6.4 SERVICE DELIVERY IMPLICATIONS

7. RECOMMENDATIONS

IT IS RECOMMENDED THAT:

7.1 Council note Section 71/52d report as per MFMA No. 56 of 2003 as at the end of September 2025

8. SUBMITTED BY:

CHIEF FINANCIAL OFFICER

NELISIWE NGCOBO

DATE: 13/10/2025

ANNEXURES:

MFMA No.56 of 2003 Section 71 report.

Msunduzi Municipality

MFMA s71 & s52 (d) Monthly & Quarterly Report

September 2025 Report
Budget & Treasury Office

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2.10 Municipal Manager's Quality's Certification ..... **Error! Bookmark not defined.**

PART 1 – IN YEAR REPORT

1.1 Executive Summary

Legislative Requirements

In terms of Section 71 of the MFMA, the Accounting Officer of the Municipality must by no later than 10 working days after the end of each month submit to the SEPTEMBER or of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

- ✓ Actual revenue, per revenue source;
- ✓ Actual expenditure, per vote;
- ✓ Actual capital expenditure, per vote;
- ✓ The amount of any allocations received and actual expenditure on grant allocations excluding expenditure on the equitable share.
- ✓ when necessary, an explanation of—
    - any material variances from the municipality's projected revenue by Source, and from the municipality's expenditure projections per vote;
    - any material variances from the service delivery and budget implementation plan; and
- ✓ Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

In terms of Section 52 (d) of the MFMA, The Mayor of the Municipality must within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

FINANCIAL PERFORMANCE

Revenue: The Year to Date (YTD) actual revenue generated as at the end of September amounted to R2.531 billion while the projected (YTD) budget amounted to R2.384 billion (excluding capital transfers and contribution). This means that the municipality generated a little more revenue as at the end of September than projected. The municipality should continue to monitor closely the revenue collection.

The Year to Date (YTD) actual service charges contributed R1.532 billion towards the total municipal revenue basket, which is 60% of the total revenue basket and Transfers and subsidies contributed R387.087 million which is 15% of the total revenue basket.

Revenue from Agency Services, Rental from Fixed Assets, Fines, Properties and Forfeits and Interest generated the following variances when comparing year to date actual and year to date budget, -19%; -37%, -24% and -26% respectively. The revenue collection from these sources is a less than what was projected for the month of September 2025.

Overall, as at the end of the first quarter of the 2025/2026 financial year, the municipality generated total revenue of R2.584 billion including capital transfers and contributions against the year-to-date budget of R2.479 billion. However, the municipality must closely monitor the levels of revenue generated and expenditure incurred to mitigate the risk of expenditure exceeding revenue, which create cash flow problems in a long run.

Operating Expenditure: The total actual YTD operating expenditure as at the end of September amounted to R2.145 billion while the YTD budget Operating Expenditure amounted to R2.116 billion.

The operational expenditure is largely defined by bulk purchases (electricity) and employee related costs both accounting 70% of the total operating expenditure incurred for the period ending 30 September 2025. Considering the operating expenditure analysis above, the municipality has introduced cost-cutting measures and invented cost-effective ways of doing business. The municipality must continue with these measures to monitor expenditure.

Overall, the municipality recorded a surplus of R439.058 million which includes capital transfers of R53.750 million as at 30 September 2025.

Capital Expenditure: The YTD actual capital expenditure as at the end of September amounted to R69.956 million, the YTD budgeted capital expenditure was R163.985 million resulting in a variance of -57% when comparing year to date actual and year to date budget.

Underspending in both national and provincial grants funded projects, Internally Generated Funds and borrowings funded projects is a serious cause of concern because under-expenditure on capital projects directly results in a negative impact on service delivery. The municipality has put measures in place to ensure the acceleration of expenditure on capital projects thereby improving on service delivery.

Grants Receipts: The total year to date operational and capital grant receipts for the month of September amounted to R509.949 million that is inclusive of equitable share of R365.547 million, other operating grant of R32.487 million and Capital transfers of R111.915 million.

Consumer Debt: The total YTD consumer debt at the end of September 2025 amounted to R9.177 billion. The municipality's debt is continually increasing which poses a serious threat to the municipality's future sustainability. The municipality must introduce measures to ensure acceptable levels of debt collections and thereby mitigating the risk of cash flow problems in future.

1.4 In-year Budget Statement Tables

Parent Municipality (Msunduzi Municipality Only) Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance of the Municipality and is unpacked in the sections that follow.

KZN225 Msunduzi - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	1 721 665	–	145 264	434 120	430 416	3 704	1%	1 721 665
Service charges	–	6 259 264	–	500 916	1 513 880	1 564 816	(50 936)	-3%	6 259 264
Investment revenue	–	256 057	–	49 481	146 455	64 014	82 441	129%	256 057
Transfers and subsidies - Operational	–	1 017 129	–	15 369	387 087	254 282	132 805	0	1 017 129
Other own revenue	–	281 391	–	12 419	49 098	70 348	(21 250)	-30%	281 391
Total Revenue (excluding capital transfers and contributions)	–	**9 535 505**	–	**723 449**	**2 530 640**	**2 383 876**	**146 764**	**6%**	**9 535 505**
Employee costs	–	1 900 195	–	133 309	393 853	475 049	(81 195)	-17%	1 900 195
Remuneration of Councillors	–	70 450	–	5 138	14 873	17 612	(2 739)	-16%	70 450
Depreciation and amortisation	–	390 012	–	27 695	84 927	97 503	(12 576)	-13%	390 012
Interest	–	56 180	–	3 487	10 693	14 045	(3 352)	-24%	56 180
Inventory consumed and bulk purchases	–	4 517 572	–	374 663	1 392 376	1 129 393	262 983	23%	4 517 572
Transfers and subsidies	–	72 457	–	7 703	14 277	18 114	(3 838)	-21%	72 457
Other expenditure	–	1 456 337	–	92 450	234 341	364 084	(129 744)	-36%	1 456 337
Total Expenditure	–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1%**	**8 463 202**
Surplus/(Deficit)	–	**1 072 303**	–	**79 005**	**385 302**	**268 076**	**117 226**	**44%**	**1 072 303**
Transfers and subsidies - capital (monetary allocations)	–	378 677	–	18 676	53 750	94 669	(40 919)	-43%	378 677
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Capital expenditure & funds sources									
Capital expenditure	–	**653 856**	–	**17 877**	**69 956**	**163 464**	**(93 508)**	**-57%**	**653 856**
Capital transfers recognised	–	378 677	–	16 168	46 695	94 669	(47 974)	-51%	378 677
Borrowing	–	177 180	–	552	19 734	44 295	(24 561)	-55%	177 180
Internally generated funds	–	**98 000**	–	**1 157**	**3 527**	**24 500**	**(20 973)**	**-86%**	**98 000**
Total sources of capital funds	–	**653 856**	–	**17 877**	**69 956**	**163 464**	**(93 508)**	**-57%**	**653 856**
Financial position									
Total current assets	–	3 039 062	–		2 780 740				3 039 062
Total non current assets	–	9 607 646	–		8 911 352				9 607 646
Total current liabilities	–	2 153 458	–		3 664 724				2 153 458
Total non current liabilities	–	3 413 769	–		960 406				3 413 769
Community wealth/Equity	–	**7 079 481**	–		**7 066 963**				**7 079 481**
Cash flows									
Net cash from (used) operating	–	885 697	–	–	–	221 424	221 424	100%	885 697
Net cash from (used) investing	–	(653 856)	–	–	–	(163 464)	(163 464)	100%	(653 856)
Net cash from (used) financing	–	87 180	–	–	–	21 795	21 795	100%	87 180
Cash/cash equivalents at the month/year end	–	**685 407**	–	–	–	**446 142**	**446 142**	**100%**	**685 407**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	1 019 902	169 080	168 147	159 067	137 393	140 508	840 471	6 542 533	9 177 101
Creditors Age Analysis									
Total Creditors	(1 083 622)	2 654 216	(460 358)	(29 592)	2 217 201	–	–	–	3 297 845

Table C2 provides the statement of financial performance by standard classification.

KZN225 Msunduzi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		–	**2 802 817**	–	**173 556**	**714 428**	**700 704**	13 724	2%	**2 802 817**
Executive and council		–	–	–	33	746	–	746		–
Finance and administration		–	2 802 817	–	173 524	713 681	700 704	12 977	2%	2 802 817
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**90 295**	–	**11 393**	**23 122**	**22 574**	549	2%	**90 295**
Community and social services		–	27 828	–	2 563	7 522	6 957	565	8%	27 828
Sport and recreation		–	1 224	–	7	222	306	(84)	-27%	1 224
Public safety		–	16 851	–	872	3 283	4 213	(930)	-22%	16 851
Housing		–	44 392	–	7 950	12 096	11 098	998	9%	44 392
Health		–	–	–	–	–	–	–		–
Economic and environmental services		–	**146 237**	–	**6 463**	**28 571**	**36 559**	(7 989)	-22%	**146 237**
Planning and development		–	40 665	–	1 547	11 337	10 166	1 171	12%	40 665
Road transport		–	100 000	–	4 861	17 048	25 000	(7 952)	-32%	100 000
Environmental protection		–	5 573	–	55	186	1 393	(1 207)	-87%	5 573
Trading services		–	**6 818 794**	–	**548 578**	**1 807 606**	**1 704 698**	**102 907**	6%	**6 818 794**
Energy sources		–	4 739 883	–	377 763	1 146 914	1 184 971	(38 056)	-3%	4 739 883
Water management		–	1 365 916	–	113 581	481 755	341 479	140 276	41%	1 365 916
Waste water management		–	531 644	–	41 856	119 683	132 911	(13 228)	-10%	531 644
Waste management		–	181 351	–	15 378	59 253	45 338	13 915	31%	181 351
Other	4	–	**56 039**	–	**2 136**	**10 664**	**14 010**	**(3 345)**	**-24%**	**56 039**
Total Revenue - Functional	2	–	**9 914 182**	–	**742 125**	**2 584 390**	**2 478 545**	**105 845**	**4%**	**9 914 182**
Expenditure - Functional										
Governance and administration		–	**2 246 947**	–	**98 345**	**282 426**	**561 737**	(279 311)	-50%	**2 246 947**
Executive and council		–	844 006	–	11 494	32 151	211 001	(178 850)	-85%	844 006
Finance and administration		–	1 372 047	–	84 879	244 308	343 012	(98 703)	-29%	1 372 047
Internal audit		–	30 894	–	1 972	5 966	7 724	(1 757)	-23%	30 894
Community and public safety		–	**543 743**	–	**54 163**	**138 706**	**135 936**	2 770	2%	**543 743**
Community and social services		–	129 614	–	11 929	34 846	32 403	2 442	8%	129 614
Sport and recreation		–	116 559	–	9 981	29 560	29 140	420	1%	116 559
Public safety		–	197 672	–	20 111	49 753	49 418	335	1%	197 672
Housing		–	90 774	–	11 464	22 514	22 693	(179)	-1%	90 774
Health		–	9 124	–	679	2 033	2 281	(248)	-11%	9 124
Economic and environmental services		–	**448 357**	–	**32 303**	**88 963**	**112 089**	(23 126)	-21%	**448 357**
Planning and development		–	148 510	–	7 795	23 852	37 128	(13 275)	-36%	148 510
Road transport		–	266 193	–	22 734	58 918	66 548	(7 630)	-11%	266 193
Environmental protection		–	33 654	–	1 774	6 193	8 414	(2 221)	-26%	33 654
Trading services		–	**5 164 206**	–	**453 067**	**1 614 833**	**1 291 052**	**323 782**	25%	**5 164 206**
Energy sources		–	3 529 419	–	376 916	1 179 922	882 355	297 567	34%	3 529 419
Water management		–	1 101 523	–	25 673	298 523	275 381	23 142	8%	1 101 523
Waste water management		–	410 817	–	39 193	106 052	102 704	3 348	3%	410 817
Waste management		–	122 447	–	11 285	30 336	30 612	(276)	-1%	122 447
Other		–	**59 949**	–	**6 565**	**20 410**	**14 987**	**5 423**	**36%**	**59 949**
Total Expenditure - Functional	3	–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1%**	**8 463 202**
Surplus/ (Deficit) for the year		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**

Table C3 presents the same information as table C2 above, the difference being that it's by Municipal vote.

KZN225 Msunduzi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - City Manager		–	–	–	–	–	–	–		–
Vote 2 - City Finance		–	2 789 050	–	170 489	708 597	697 262	11 335	1,6%	2 789 050
Vote 3 - Corporate Services		–	1 906	–	3	752	477	275	57,7%	1 906
Vote 4 - Community Services and Social Equity		–	265 344	–	18 895	70 995	66 336	4 659	7,0%	265 344
Vote 5 - Infrastructure Services		–	2 007 035	–	160 987	620 484	501 759	118 726	23,7%	2 007 035
Vote 6 - Sustainable Development and City Enterprises		–	97 217	–	11 711	34 352	24 304	10 047	41,3%	97 217
Vote 7 - Electricity		–	4 753 629	–	380 041	1 149 210	1 188 407	(39 197)	-3,3%	4 753 629
Total Revenue by Vote	2	**–**	**9 914 182**	**–**	**742 125**	**2 584 390**	**2 478 545**	**105 845**	**4,3%**	**9 914 182**
Expenditure by Vote	1									
Vote 1 - City Manager		–	228 590	–	14 461	40 626	57 147	(16 522)	-28,9%	228 590
Vote 2 - City Finance		–	1 199 140	–	43 849	115 559	299 785	(184 226)	-61,5%	1 199 140
Vote 3 - Corporate Services		–	207 252	–	12 101	56 394	51 813	4 581	8,8%	207 252
Vote 4 - Community Services and Social Equity		–	845 155	–	75 892	208 017	211 289	(3 272)	-1,5%	845 155
Vote 5 - Infrastructure Services		–	1 832 375	–	89 981	470 070	458 094	11 976	2,6%	1 832 375
Vote 6 - Sustainable Development and City Enterprises		–	339 956	–	31 243	74 753	84 989	(10 236)	-12,0%	339 956
Vote 7 - Electricity		–	3 810 734	–	376 915	1 179 920	952 683	227 236	23,9%	3 810 734
Total Expenditure by Vote	2	**–**	**8 463 202**	**–**	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1,4%**	**8 463 202**
Surplus/ (Deficit) for the year	2	**–**	**1 450 980**	**–**	**97 682**	**439 052**	**362 745**	**76 307**	**21,0%**	**1 450 980**

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 September 2025.

KZN225 Msunduzi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity			4 702 555		382 737	1 134 398	1 175 639	(41 241)	-4%	4 702 555
Service charges - Water			1 161 224		84 578	274 511	290 306	(15 795)	-5%	1 161 224
Service charges - Waste Water Management			229 216		19 426	62 354	57 304	5 050	9%	229 216
Service charges - Waste management			166 268		14 175	42 618	41 567	1 051	3%	166 268
Sale of Goods and Rendering of Services			23 403		–	–	5 851	(5 851)	-100%	23 403
Agency services			5 508		390	1 109	1 377	(268)	-19%	5 508
Interest			–		–	–	–	–		–
Interest earned from Receivables			–				–	–		–
Interest from Current and Non Current Assets			256 057		49 481	146 455	64 014	82 441	129%	256 057
Dividends			19 996		–	–	4 999	(4 999)	-100%	19 996
Rent on Land			–		–	–	–	–		–
Rental from Fixed Assets			44 672		2 228	7 047	11 168	(4 121)	-37%	44 672
Licence and permits			3 097		210	1 014	774	240	31%	3 097
Other revenue							–	–		–
Special rating levies			–		–	–	–	–		–
Operational Revenue			102 112		5 719	24 749	25 528	(779)	-3%	102 112
Non-Exchange Revenue					–	–	–	–		–
Property rates			1 721 665		145 264	434 120	430 416	3 704	1%	1 721 665
Surcharges and Taxes			–		–	–	–	–		–
Fines, penalties and forfeits			12 213		1 032	2 331	3 053	(723)	-24%	12 213
Licence and permits			–		–	–	–	–		–
Transfers and subsidies - Operational			1 017 129		15 369	387 087	254 282	132 805	52%	1 017 129
Interest			66 114		2 781	12 304	16 529	(4 225)	-26%	66 114
Fuel Levy			–		–	–	–	–		–
Operational Revenue			–		–	–	–	–		–
Gains on disposal of Assets			4 277		59	543	1 069	(526)	-49%	4 277
Other Gains			–				–	–		–
Discontinued Operations			–		–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	**9 535 505**	–	**723 449**	**2 530 640**	**2 383 876**	**146 764**	**6%**	**9 535 505**
Expenditure By Type										
Employee related costs			1 900 195		133 309	393 853	475 049	(81 195)	-17%	1 900 195
Remuneration of councillors			70 450		5 138	14 873	17 612	(2 739)	-16%	70 450
Bulk purchases - electricity			3 522 533		349 601	1 096 913	880 633	216 280	25%	3 522 533
Inventory consumed			995 039		25 062	295 462	248 760	46 703	19%	995 039
Debt impairment			420 000		5 500	15 159	105 000	(89 841)	-86%	420 000
Depreciation and amortisation			390 012		27 695	84 927	97 503	(12 576)	-13%	390 012
Interest			56 180		3 487	10 693	14 045	(3 352)	-24%	56 180
Contracted services			811 629		75 656	153 570	202 907	(49 337)	-24%	811 629
Transfers and subsidies			72 457		7 703	14 277	18 114	(3 838)	-21%	72 457
Irrecoverable debts written off					–	–	–	–		–
Other expenditure					11 294	65 612	–	65 612		–
Operational costs			224 708				56 177	(56 177)	-100%	224 708
Losses on Disposal of Assets					–	–	–	–		–
Other Losses					–	–	–	–		–
Total Expenditure		–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1%**	**8 463 202**
Surplus/(Deficit)		–	**1 072 303**	–	**79 005**	**385 302**	**268 076**	**117 226**	**44%**	**1 072 303**
Transfers and subsidies - capital (monetary allocations)			378 677		18 676	53 750	94 669	(40 919)	-43%	378 677
Transfers and subsidies - capital (in-kind)					–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Income Tax							–	–		–
Surplus/(Deficit) after income tax		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Share of Surplus/Deficit attributable to Joint Venture							–	–		–
Share of Surplus/Deficit attributable to Minorities							–	–		–
Surplus/(Deficit) attributable to municipality		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	76 307	21%	**1 450 980**
Share of Surplus/Deficit attributable to Associate							–	–		
Intercompany/Parent subsidiary transactions							–	–		
Surplus/ (Deficit) for the year		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**

Capital Expenditure

Table C5 below reports on the capital expenditure by department (municipal vote) for single year as well as multiyear capital appropriations. The bottom part of the schedule looks at the functional classification of the capital projects.

KZN225 Msunduzi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First Quarter

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - City Manager		–	–	–	–	20	–	20		–
Vote 2 - City Finance		–	45 000	–	–	1 543	11 250	(9 707)	-86%	45 000
Vote 3 - Corporate Services		–	10 000	–	–	141	2 500	(2 359)	-94%	10 000
Vote 4 - Community Services and Social Equity		–	15 967	–	1 494	4 134	3 992	143	4%	15 967
Vote 5 - Infrastructure Services		–	346 701	–	15 324	38 640	86 675	(48 035)	-55%	346 701
Vote 6 - Sustainable Development and City Enterprises		–	30 000	–	36	5 299	7 500	(2 201)	-29%	30 000
Vote 7 - Electricity		–	196 988	–	1 023	20 220	49 247	(29 027)	-59%	196 988
Total Capital Multi-year expenditure	4,7	**–**	**644 656**	**–**	**17 877**	**69 997**	**161 164**	**(91 167)**	**-57%**	**644 656**
Single Year expenditure appropriation	2									
Vote 1 - City Manager		–	–	–	–	–	–	–		–
Vote 2 - City Finance		–	8 000	–	–	–	2 000	(2 000)	-100%	8 000
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community Services and Social Equity		–	1 200	–	–	(41)	300	(341)	-114%	1 200
Vote 5 - Infrastructure Services		–	–	–	–	–	–	–		–
Vote 6 - Sustainable Development and City Enterprises		–	–	–	–	–	–	–		–
Vote 7 - Electricity		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	–	9 200	–	–	(41)	2 300	**(2 341)**	**-102%**	9 200
Total Capital Expenditure		**–**	**653 856**	**–**	**17 877**	**69 956**	**163 464**	**(93 508)**	**-57%**	**653 856**
Capital Expenditure - Functional Classification										
Governance and administration		**–**	**58 000**	**–**	**–**	**1 704**	**14 500**	(12 796)	-88%	**58 000**
Executive and council					–	20	–	20		–
Finance and administration			58 000		–	1 684	14 500	(12 816)	-88%	58 000
Internal audit			–		–	–	–	–		–
Community and public safety		**–**	**17 167**	**–**	**1 494**	**4 093**	**4 292**	(199)	-5%	**17 167**
Community and social services			17 167		1 494	4 134	4 292	(157)	-4%	17 167
Sport and recreation					–	(41)	–	(41)		–
Public safety					–	–	–	–		–
Housing					–	–	–	–		–
Health					–	–	–	–		–
Economic and environmental services		**–**	**160 584**	**–**	**4 256**	**19 143**	**40 146**	(21 003)	-52%	**160 584**
Planning and development			30 000		36	5 299	7 500	(2 201)	-29%	30 000
Road transport			130 584		4 221	13 843	32 646	(18 803)	-58%	130 584
Environmental protection			–		–	–	–	–		–
Trading services		**–**	**418 105**	**–**	**12 126**	**45 017**	**104 526**	(59 510)	-57%	**418 105**
Energy sources			196 988		1 023	20 220	49 247	(29 027)	-59%	196 988
Water management			108 900		2 000	5 496	27 225	(21 729)	-80%	108 900
Waste water management			112 217		9 103	19 301	28 054	(8 754)	-31%	112 217
Waste management					–	–	–	–		–
Other					–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**–**	**653 856**	**–**	**17 877**	**69 956**	**163 464**	**(93 508)**	**-57%**	**653 856**
Funded by:										
National Government			376 127		16 168	46 695	94 032	(47 337)	-50%	376 127
Provincial Government			2 550		–	–	638	(638)	-100%	2 550
District Municipality							–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)							–	–		–
Transfers recognised - capital		**–**	**378 677**	**–**	**16 168**	**46 695**	**94 669**	**(47 974)**	**-51%**	**378 677**
Borrowing	6		177 180		552	19 734	44 295	(24 561)	-55%	177 180
Internally generated funds			98 000		1 157	3 527	24 500	(20 973)	-86%	98 000
Total Capital Funding		**–**	**653 856**	**–**	**17 877**	**69 956**	**163 464**	**(93 508)**	**-57%**	**653 856**

A detailed analysis of the capital expenditure programme is provided in section 2.7 "Capital Expenditure Programme".

Table C6 displays the financial position of the municipality as at 30 September 2025.

KZN225 Msunduzi - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents			395 446		12 022	395 446
Trade and other receivables from exchange transactions			1 677 177		1 729 947	1 677 177
Receivables from non-exchange transactions			467 188		–	467 188
Current portion of non-current receivables			29		–	29
Inventory			498 281		517 693	498 281
VAT					–	–
Other current assets			942		521 078	942
Total current assets		–	**3 039 062**	–	**2 780 740**	**3 039 062**
Non current assets						
Investments					–	–
Investment property			922 392		928 429	922 392
Property, plant and equipment			8 253 747		7 962 704	8 253 747
Biological assets			83 234		436	83 234
Living and non-living resources			–		–	–
Heritage assets			323 520		–	323 520
Intangible assets			24 753		19 563	24 753
Trade and other receivables from exchange transactions					–	–
Non-current receivables from non-exchange transactions					–	–
Other non-current assets					221	–
Total non current assets		–	**9 607 646**	–	**8 911 352**	**9 607 646**
TOTAL ASSETS		–	**12 646 709**	–	**11 692 093**	**12 646 709**
LIABILITIES						
Current liabilities						
Bank overdraft					–	–
Financial liabilities			76 586		35 059	76 586
Consumer deposits			152 357		170 669	152 357
Trade and other payables from exchange transactions			1 709 234		3 405 898	1 709 234
Trade and other payables from non-exchange transactions			–		–	–
Provision			53 143		53 097	53 143
VAT			162 137		–	162 137
Other current liabilities			–		–	–
Total current liabilities		–	**2 153 458**	–	**3 664 724**	**2 153 458**
Non current liabilities						
Financial liabilities			–		–	–
Provision			117 456		–	117 456
Long term portion of trade payables			2 796 914		315 532	2 796 914
Other non-current liabilities			499 399		644 874	499 399
Total non current liabilities		–	**3 413 769**	–	**960 406**	**3 413 769**
TOTAL LIABILITIES		–	**5 567 227**	–	**4 625 130**	**5 567 227**
NET ASSETS	2	–	**7 079 481**	–	**7 066 963**	**7 079 481**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)			7 079 481		6 710 419	7 079 481
Reserves and funds					356 544	–
Other					–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**7 079 481**	–	**7 066 963**	**7 079 481**

Consolidated Budget Tables (With Municipal Entity: Safe City)

KZN225 Msunduzi - Table C1 Consolidated Monthly Budget Statement Summary - Q1 First Quarter

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	1 721 665	–	145 264	434 120	430 416	3 704	1%	1 721 665
Service charges	–	6 259 264	–	500 916	1 513 880	1 564 816	(50 936)	-3%	6 259 264
Investment revenue	–	–	–	–	–	–	–		–
Transfers and subsidies - Operational	–	1 017 129	–	15 369	387 087	254 282	132 805	0	1 017 129
Other own revenue	–	537 448	–	61 900	195 553	134 362	61 191	46%	537 448
Total Revenue (excluding capital transfers and contributions)	–	**9 535 505**	–	**723 449**	**2 530 640**	**2 383 876**	**146 764**	**6%**	**9 535 505**
Employee costs	–	1 914 528	–	134 295	396 884	478 632	(81 748)	-17%	1 914 528
Remuneration of Councillors	–	70 450	–	5 138	14 873	17 612	(2 739)	-16%	70 450
Depreciation and amortisation	–	390 874	–	27 750	85 099	97 718	(12 620)	-13%	390 874
Interest	–	56 180	–	3 487	10 693	14 045	(3 352)	-24%	56 180
Inventory consumed and bulk purchases	–	4 517 572	–	374 663	1 392 376	1 129 393	262 983	23%	4 517 572
Transfers and subsidies	–	54 065	–	6 573	10 762	13 516	(2 755)	-20%	54 065
Other expenditure	–	1 459 533	–	92 539	234 653	364 883	(130 231)	-36%	1 459 533
Total Expenditure	–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1%**	**8 463 202**
Surplus/(Deficit)	–	**1 072 303**	–	**79 005**	**385 302**	**268 076**	**117 226**	**44%**	**1 072 303**
Transfers and subsidies - capital (monetary	–	378 677	–	18 676	53 750	94 669	(40 919)	-43%	378 677
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Capital expenditure & funds sources									
Capital expenditure	–	**655 941**	–	**17 877**	**69 956**	**163 985**	**(94 029)**	**-57%**	**655 941**
Capital transfers recognised	–	378 677	–	16 168	46 695	94 669	(47 974)	-51%	378 677
Borrowing	–	177 180	–	552	19 734	44 295	(24 561)	-55%	177 180
Internally generated funds	–	**100 085**	–	**1 157**	**3 527**	**25 021**	**(21 494)**	**-86%**	**100 085**
Total sources of capital funds	–	**655 941**	–	**17 877**	**69 956**	**163 985**	**(94 029)**	**-57%**	**655 941**
Financial position									
Total current assets	–	3 043 789	–		2 783 716				3 043 789
Total non current assets	–	9 614 452	–		8 917 377				9 614 452
Total current liabilities	–	2 155 151	–		3 665 875				2 155 151
Total non current liabilities	–	3 413 769	–		960 406				3 413 769
Community wealth/Equity	–	**7 089 321**	–		**7 074 812**				**7 089 321**
Cash flows									
Net cash from (used) operating	–	887 469	–	–	–	221 867	221 867	100%	887 469
Net cash from (used) investing	–	(655 941)	–	–	–	(163 985)	(163 985)	100%	(655 941)
Net cash from (used) financing	–	87 180	–	–	–	21 795	21 795	100%	87 180
Cash/cash equivalents at the month/year end	–	**685 094**	–	–	–	**446 063**	**446 063**	**100%**	**685 094**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	1 019 902	169 080	168 147	159 067	137 393	140 508	840 471	6 542 533	9 177 101
Creditors Age Analysis									
Total Creditors	(1 083 622)	2 654 216	(460 358)	(29 592)	2 217 201	–	–	–	3 297 845

KZN225 Msunduzi - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		–	**2 802 817**	–	**173 556**	**714 428**	**700 704**	13 724	2%	**2 802 817**
Executive and council		–	–	–	33	746	–	746		–
Finance and administration		–	2 802 817	–	173 524	713 681	700 704	12 977	2%	2 802 817
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**90 295**	–	**11 393**	**23 122**	**22 574**	549	2%	**90 295**
Community and social services		–	27 828	–	2 563	7 522	6 957	565	8%	27 828
Sport and recreation		–	1 224	–	7	222	306	(84)	-27%	1 224
Public safety		–	16 851	–	872	3 283	4 213	(930)	-22%	16 851
Housing		–	44 392	–	7 950	12 096	11 098	998	9%	44 392
Health		–	–	–	–	–	–	–		–
Economic and environmental services		–	**146 237**	–	**6 463**	**28 571**	**36 559**	(7 989)	-22%	**146 237**
Planning and development		–	40 665	–	1 547	11 337	10 166	1 171	12%	40 665
Road transport		–	100 000	–	4 861	17 048	25 000	(7 952)	-32%	100 000
Environmental protection		–	5 573	–	55	186	1 393	(1 207)	-87%	5 573
Trading services		–	**6 818 794**	–	**548 578**	**1 807 606**	**1 704 698**	**102 907**	6%	**6 818 794**
Energy sources		–	4 739 883	–	377 763	1 146 914	1 184 971	(38 056)	-3%	4 739 883
Water management		–	1 365 916	–	113 581	481 755	341 479	140 276	41%	1 365 916
Waste water management		–	531 644	–	41 856	119 683	132 911	(13 228)	-10%	531 644
Waste management		–	181 351	–	15 378	59 253	45 338	13 915	31%	181 351
Other	4	–	**56 039**	–	**2 136**	**10 664**	**14 010**	**(3 345)**	**-24%**	**56 039**
Total Revenue - Functional	2	–	**9 914 182**	–	**742 125**	**2 584 390**	**2 478 545**	**105 845**	**4%**	**9 914 182**
Expenditure - Functional										
Governance and administration		–	**2 246 947**	–	**98 345**	**282 426**	**561 737**	(279 311)	-50%	**2 246 947**
Executive and council		–	844 006	–	11 494	32 151	211 001	(178 850)	-85%	844 006
Finance and administration		–	1 372 047	–	84 879	244 308	343 012	(98 703)	-29%	1 372 047
Internal audit		–	30 894	–	1 972	5 966	7 724	(1 757)	-23%	30 894
Community and public safety		–	**543 743**	–	**54 163**	**138 706**	**135 936**	2 770	2%	**543 743**
Community and social services		–	129 614	–	11 929	34 846	32 403	2 442	8%	129 614
Sport and recreation		–	116 559	–	9 981	29 560	29 140	420	1%	116 559
Public safety		–	197 672	–	20 111	49 753	49 418	335	1%	197 672
Housing		–	90 774	–	11 464	22 514	22 693	(179)	-1%	90 774
Health		–	9 124	–	679	2 033	2 281	(248)	-11%	9 124
Economic and environmental services		–	**448 357**	–	**32 303**	**88 963**	**112 089**	(23 126)	-21%	**448 357**
Planning and development		–	148 510	–	7 795	23 852	37 128	(13 275)	-36%	148 510
Road transport		–	266 193	–	22 734	58 918	66 548	(7 630)	-11%	266 193
Environmental protection		–	33 654	–	1 774	6 193	8 414	(2 221)	-26%	33 654
Trading services		–	**5 164 206**	–	**453 067**	**1 614 833**	**1 291 052**	**323 782**	25%	**5 164 206**
Energy sources		–	3 529 419	–	376 916	1 179 922	882 355	297 567	34%	3 529 419
Water management		–	1 101 523	–	25 673	298 523	275 381	23 142	8%	1 101 523
Waste water management		–	410 817	–	39 193	106 052	102 704	3 348	3%	410 817
Waste management		–	122 447	–	11 285	30 336	30 612	(276)	-1%	122 447
Other		–	**59 949**	–	**6 565**	**20 410**	**14 987**	**5 423**	**36%**	**59 949**
Total Expenditure - Functional	3	–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1%**	**8 463 202**
Surplus/ (Deficit) for the year		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**

KZN225 Msunduzi - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - City Manager		–	–	–	–	–	–	–		–
Vote 2 - City Finance		–	2 789 050	–	170 489	708 597	697 262	11 335	1,6%	2 789 050
Vote 3 - Corporate Services		–	1 906	–	3	752	477	275	57,7%	1 906
Vote 4 - Community Services and Social Equity		–	265 344	–	18 895	70 995	66 336	4 659	7,0%	265 344
Vote 5 - Infrastructure Services		–	2 007 035	–	160 987	620 484	501 759	118 726	23,7%	2 007 035
Vote 6 - Sustainable Development and City Enterprises		–	97 217	–	11 711	34 352	24 304	10 047	41,3%	97 217
Vote 7 - Electricity		–	4 753 629	–	380 041	1 149 210	1 188 407	(39 197)	-3,3%	4 753 629
Total Revenue by Vote	2	–	**9 914 182**	–	**742 125**	**2 584 390**	**2 478 545**	**105 845**	**4,3%**	**9 914 182**
Expenditure by Vote	1									
Vote 1 - City Manager		–	228 590	–	14 461	40 626	57 147	(16 522)	-28,9%	228 590
Vote 2 - City Finance		–	1 199 140	–	43 849	115 559	299 785	(184 226)	-61,5%	1 199 140
Vote 3 - Corporate Services		–	207 252	–	12 101	56 394	51 813	4 581	8,8%	207 252
Vote 4 - Community Services and Social Equity		–	845 155	–	75 892	208 017	211 289	(3 272)	-1,5%	845 155
Vote 5 - Infrastructure Services		–	1 832 375	–	89 981	470 070	458 094	11 976	2,6%	1 832 375
Vote 6 - Sustainable Development and City Enterprises		–	339 956	–	31 243	74 753	84 989	(10 236)	-12,0%	339 956
Vote 7 - Electricity		–	3 810 734	–	376 915	1 179 920	952 683	227 236	23,9%	3 810 734
Total Expenditure by Vote	2	–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1,4%**	**8 463 202**
Surplus/ (Deficit) for the year	2	–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21,0%**	**1 450 980**

KZN225 Msunduzi - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity			4 702 555		382 737	1 134 398	1 175 639	(41 241)	-4%	4 702 555
Service charges - Water			1 161 224		84 578	274 511	290 306	(15 795)	-5%	1 161 224
Service charges - Waste Water Management			229 216		19 426	62 354	57 304	5 050	9%	229 216
Service charges - Waste management			166 268		14 175	42 618	41 567	1 051	3%	166 268
Sale of Goods and Rendering of Services			23 403		–	–	5 851	(5 851)	-100%	23 403
Agency services			5 508		390	1 109	1 377	(268)	-19%	5 508
Interest			–		–	–	–	–		–
Interest earned from Receivables			256 057		49 481	146 455	64 014	82 441	129%	256 057
Interest from Current and Non Current Assets					–	–	–	–		–
Dividends			19 996		–	–	4 999	(4 999)	-100%	19 996
Rent on Land			–		–	–	–	–		–
Rental from Fixed Assets			44 672		2 228	7 047	11 168	(4 121)	-37%	44 672
Licence and permits			3 097		210	1 014	774	240	31%	3 097
Special rating levies			–				–	–		–
Operational Revenue			102 112		5 719	24 749	25 528	(779)	-3%	102 112
Non-Exchange Revenue							–	–		–
Property rates			1 721 665		145 264	434 120	430 416	3 704	1%	1 721 665
Surcharges and Taxes			–		–	–	–	–		–
Fines, penalties and forfeits			12 213		1 032	2 331	3 053	(723)	-24%	12 213
Licence and permits			–		–	–	–	–		–
Transfers and subsidies - Operational			1 017 129		15 369	387 087	254 282	132 805	52%	1 017 129
Interest			66 114		2 781	12 304	16 529	(4 225)	-26%	66 114
Fuel Levy			–				–	–		–
Operational Revenue			–				–	–		–
Gains on disposal of Assets			4 277		59	543	1 069	(526)	-49%	4 277
Other Gains			–				–	–		–
Discontinued Operations			–				–	–		–
Total Revenue (excluding capital transfers and contributions)		–	**9 535 505**	–	**723 449**	**2 530 640**	**2 383 876**	**146 764**	**6%**	**9 535 505**
Expenditure By Type										
Employee related costs			1 914 528		134 295	396 884	478 632	(81 748)	-17%	1 914 528
Remuneration of councillors			70 450		5 138	14 873	17 612	(2 739)	-16%	70 450
Bulk purchases - electricity			3 522 533		349 601	1 096 913	880 633	216 280	25%	3 522 533
Inventory consumed			995 039		25 062	295 462	248 760	46 703	19%	995 039
Debt impairment			420 000		5 500	15 159	105 000	(89 841)	-86%	420 000
Depreciation and amortisation			390 874		27 750	85 099	97 718	(12 620)	-13%	390 874
Interest			56 180		3 487	10 693	14 045	(3 352)	-24%	56 180
Contracted services			812 986		75 688	153 667	203 246	(49 579)	-24%	812 986
Transfers and subsidies			54 065		6 573	10 762	13 516	(2 755)	-20%	54 065
Irrecoverable debts written off					–	–	–	–		–
Operational costs			226 427		11 350	65 827	56 607	9 220	16%	226 427
Losses on Disposal of Assets			120				30	(30)	-100%	120
Other Losses							–	–		–
Total Expenditure		–	**8 463 202**	–	**644 444**	**2 145 338**	**2 115 800**	**29 538**	**1%**	**8 463 202**
Surplus/(Deficit)		–	**1 072 303**	–	**79 005**	**385 302**	**268 076**	**117 226**	**44%**	**1 072 303**
Transfers and subsidies - capital (monetary allocations)			378 677		18 676	53 750	94 669	(40 919)	-43%	378 677
Transfers and subsidies - capital (in-kind)							–	–		–
Surplus/(Deficit) after capital transfers & contributions		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Income Tax							–	–		–
Surplus/(Deficit) after income tax		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**
Share of Surplus/Deficit attributable to Joint Venture							–	–		–
Share of Surplus/Deficit attributable to Minorities							–	–		–
Surplus/(Deficit) attributable to municipality		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	76 307	21%	**1 450 980**
Share of Surplus/Deficit attributable to Associate							–	–		
Intercompany/Parent subsidiary transactions							–	–		
Surplus/ (Deficit) for the year		–	**1 450 980**	–	**97 682**	**439 052**	**362 745**	**76 307**	**21%**	**1 450 980**

KZN225 Msunduzi - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - Q1 First Quarter

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - City Manager		–	–	–	–	20	–	20		–
Vote 2 - City Finance		–	45 000	–	–	1 543	11 250	(9 707)	-86%	45 000
Vote 3 - Corporate Services		–	10 000	–	–	141	2 500	(2 359)	-94%	10 000
Vote 4 - Community Services and Social Equity		–	15 967	–	1 494	4 134	3 992	143	4%	15 967
Vote 5 - Infrastructure Services		–	346 701	–	15 324	38 640	86 675	(48 035)	-55%	346 701
Vote 6 - Sustainable Development and City Enterprises		–	30 000	–	36	5 299	7 500	(2 201)	-29%	30 000
Vote 7 - Electricity		–	196 988	–	1 023	20 220	49 247	(29 027)	-59%	196 988
Total Capital Multi-year expenditure	4,7	–	**644 656**	–	**17 877**	**69 997**	**161 164**	**(91 167)**	**-57%**	**644 656**
Single Year expenditure appropriation	2									
Vote 1 - City Manager		–	–	–	–	–	–	–		–
Vote 2 - City Finance		–	8 000	–	–	–	2 000	(2 000)	-100%	8 000
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community Services and Social Equity		–	1 200	–	–	(41)	300	(341)	-114%	1 200
Vote 5 - Infrastructure Services		–	–	–	–	–	–	–		–
Vote 6 - Sustainable Development and City Enterprises		–	2 085	–	–	–	521	(521)	-100%	2 085
Vote 7 - Electricity		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	–	11 285	–	–	(41)	2 821	**(2 863)**	**-101%**	11 285
Total Capital Expenditure		–	**655 941**	–	**17 877**	**69 956**	**163 985**	**(94 029)**	**-57%**	**655 941**
Capital Expenditure - Functional Classification										
Governance and administration		–	**58 000**	–	–	**1 704**	**14 500**	(12 796)	-88%	**58 000**
Executive and council						20	–	20		–
Finance and administration			58 000			1 684	14 500	(12 816)	-88%	58 000
Internal audit			–				–	–		–
Community and public safety		–	**19 252**	–	**1 494**	**4 093**	**4 813**	(720)	-15%	**19 252**
Community and social services			17 167		1 494	4 134	4 292	(157)	-4%	17 167
Sport and recreation					–	(41)	–	(41)		–
Public safety			2 085				521	(521)	-100%	2 085
Housing							–	–		–
Health							–	–		–
Economic and environmental services		–	**160 584**	–	**4 256**	**19 143**	**40 146**	(21 003)	-52%	**160 584**
Planning and development			30 000		36	5 299	7 500	(2 201)	-29%	30 000
Road transport			130 584		4 221	13 843	32 646	(18 803)	-58%	130 584
Environmental protection			–				–	–		–
Trading services		–	**418 105**	–	**12 126**	**45 017**	**104 526**	(59 510)	-57%	**418 105**
Energy sources			196 988		1 023	20 220	49 247	(29 027)	-59%	196 988
Water management			108 900		2 000	5 496	27 225	(21 729)	-80%	108 900
Waste water management			112 217		9 103	19 301	28 054	(8 754)	-31%	112 217
Waste management							–	–		–
Other							–	–		–
Total Capital Expenditure - Functional Classification	3	–	**655 941**	–	**17 877**	**69 956**	**163 985**	**(94 029)**	**-57%**	**655 941**
Funded by:										
National Government			376 127		16 168	46 695	94 032	(47 337)	-50%	376 127
Provincial Government			2 550				638	(638)	-100%	2 550
District Municipality							–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)							–	–		–
Transfers recognised - capital		–	**378 677**	–	**16 168**	**46 695**	**94 669**	**(47 974)**	**-51%**	**378 677**
Borrowing	6		177 180		552	19 734	44 295	(24 561)	-55%	177 180
Internally generated funds			100 085		1 157	3 527	25 021	(21 494)	-86%	100 085
Total Capital Funding		–	**655 941**	–	**17 877**	**69 956**	**163 985**	**(94 029)**	**-57%**	**655 941**

KZN225 Msunduzi - Table C6 Consolidated Monthly Budget Statement - Financial Position - Q1 First

Description	Ref	2024/25	Budget Year 2025/26			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents			400 171		14 927	400 171
Trade and other receivables from exchange transactions			1 677 177		1 729 949	1 677 177
Receivables from non-exchange transactions			467 188		68	467 188
Current portion of non-current receivables			29		–	29
Inventory			498 281		517 693	498 281
VAT					–	–
Other current assets			945		521 078	945
Total current assets		–	**3 043 789**	–	**2 783 716**	**3 043 789**
Non current assets						
Investments					–	–
Investment property			922 392		928 429	922 392
Property, plant and equipment			8 260 553		7 968 729	8 260 553
Biological assets			83 234		436	83 234
Living and non-living resources			–		–	–
Heritage assets			323 520		–	323 520
Intangible assets			24 753		19 563	24 753
Trade and other receivables from exchange transactions					–	–
Non-current receivables from non-exchange transactions					–	–
Other non-current assets					221	–
Total non current assets		–	**9 614 452**	–	**8 917 377**	**9 614 452**
TOTAL ASSETS		–	**12 658 241**	–	**11 701 093**	**12 658 241**
LIABILITIES						
Current liabilities						
Bank overdraft					–	–
Financial liabilities			76 586		35 059	76 586
Consumer deposits			152 357		170 669	152 357
Trade and other payables from exchange transactions			1 710 927		3 407 050	1 710 927
Trade and other payables from non-exchange transactions			–		–	–
Provision			53 143		53 097	53 143
VAT			162 137		–	162 137
Other current liabilities			–		–	–
Total current liabilities		–	**2 155 151**	–	**3 665 875**	**2 155 151**
Non current liabilities						
Financial liabilities			–		–	–
Provision			117 456		–	117 456
Long term portion of trade payables			2 796 914		315 532	2 796 914
Other non-current liabilities			499 399		644 874	499 399
Total non current liabilities		–	**3 413 769**	–	**960 406**	**3 413 769**
TOTAL LIABILITIES		–	**5 568 920**	–	**4 626 281**	**5 568 920**
NET ASSETS	2	–	**7 089 321**	–	**7 074 812**	**7 089 321**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)			7 089 321		6 718 268	7 089 321
Reserves and funds					356 544	–
Other					–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**7 089 321**	–	**7 074 812**	**7 089 321**

PART 2 – SUPPORTING DOCUMENTATION

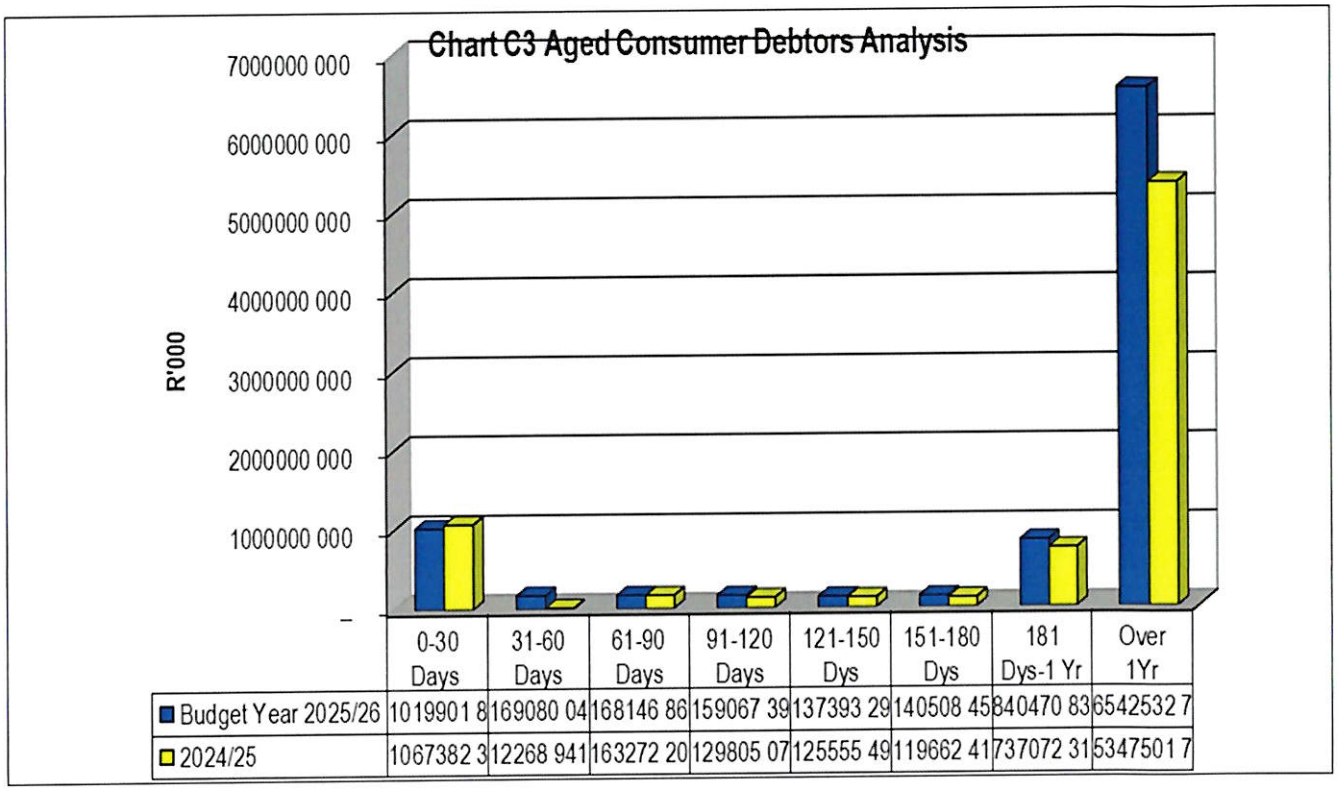
2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 30 September 2025

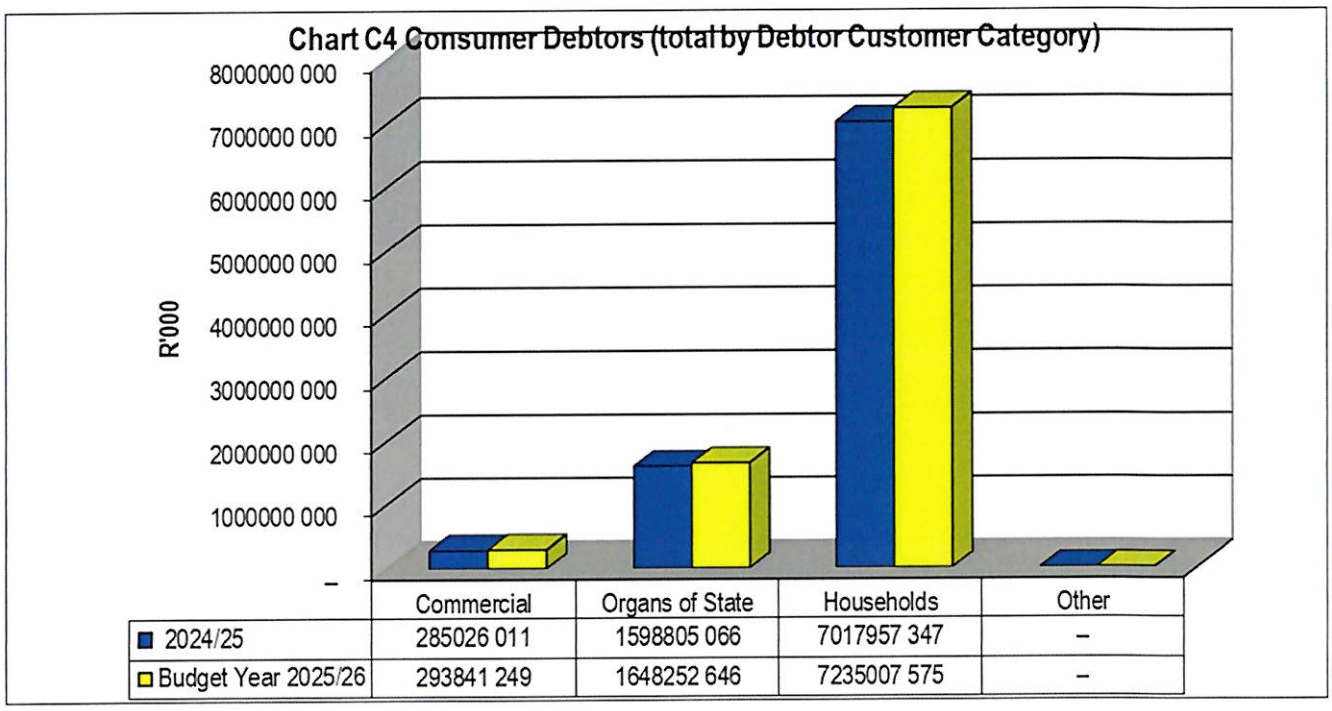
KZN225 Msunduzi - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description	NT Code	Budget Year 2025/26											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	173 730	53 671	50 176	44 577	45 411	47 272	282 931	2 787 285	3 485 053	3 207 476		2 312 662
Trade and Other Receivables from Exchange Transactions - Electricity	1300	509 393	18 931	16 984	11 456	13 395	11 699	84 754	376 758	1 043 369	498 061		215 404
Receivables from Non-exchange Transactions - Property Rates	1400	178 352	34 388	30 859	37 245	26 178	26 375	140 434	1 044 413	1 518 244	1 274 645		822 565
Receivables from Exchange Transactions - Waste Water Management	1500	35 189	8 277	8 198	7 369	6 748	6 958	40 143	397 185	510 067	458 403		326 319
Receivables from Exchange Transactions - Waste Management	1600	19 066	4 976	4 461	4 864	4 246	4 304	25 644	211 899	279 460	250 957		175 473
Receivables from Exchange Transactions - Property Rental Debtors	1700	3 461	1 029	1 408	1 069	982	906	5 163	58 735	72 753	66 854		50 895
Interest on Arrear Debtor Accounts	1810	99 489	47 635	55 877	52 249	40 138	42 817	260 401	1 505 479	2 104 085	1 901 084		1 074 745
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	1 221	173	184	238	295	178	1 001	160 780	164 071	162 493		159 588
Total By Income Source	**2000**	**1 019 902**	**169 080**	**168 147**	**159 067**	**137 393**	**140 508**	**840 471**	**6 542 533**	**9 177 101**	**7 819 973**	**–**	**5 137 651**
2024/25 - totals only		1 067 382	12 269	163 272	129 805	125 555	119 662	737 072	5 347 502	7 702 521	**6 459 597**		4 191 794
Debtors Age Analysis By Customer Group													
Commercial	2300	115 142	13 993	8 974	5 849	5 203	5 913	25 933	112 835	293 841	155 732		79 915
Organs of State	2200	489 236	33 445	35 062	32 762	25 015	24 897	141 234	866 601	1 648 253	1 090 510		619 097
Households	2400	415 524	121 642	124 111	120 457	107 175	109 699	673 303	5 563 097	7 235 008	6 573 731		4 438 638
Other	2500									–	–		
Total By Customer Group	**2600**	**1 019 902**	**169 080**	**168 147**	**159 067**	**137 393**	**140 508**	**840 471**	**6 542 533**	**9 177 101**	**7 819 973**	**–**	**5 137 651**

Chart 1: Debtors Age Analysis by Customer Group



	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr
Budget Year 2025/26	1019901 8	169080 04	168146 86	159067 39	137393 29	140508 45	840470 83	6542532 7
2024/25	1067382 3	12268 941	163272 20	129805 07	125555 49	119662 41	737072 31	5347501 7



The information presented in the chart above reflects an increase in the outstanding debtor's balances when compared to the prior month balance bringing the total outstanding debtors balance to R 9.177 billion.

Total debt owed to the municipality ranked from highest to lowest for current budget year reflects that households owe 80% of the total municipal debt as detailed below:

- ✓ Households 79%
- ✓ Commercial 18%
- ✓ Organs of State 3%

2.2 Creditors Analysis

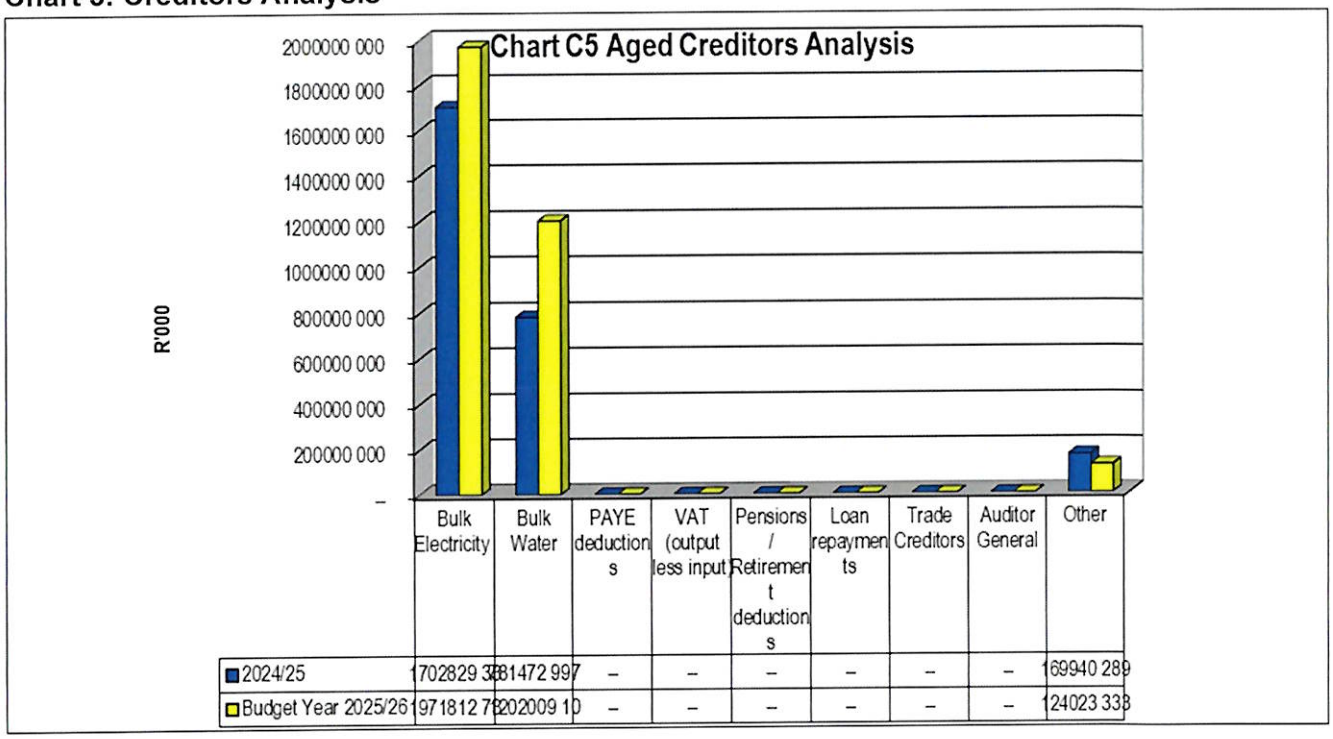
Table SC 4 below presents the aged creditors as at 30 September 2025

KZN225 Msunduzi - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	(1 162 378)	1 627 105	533 382	(190 797)	1 164 502				1 971 813	1 702 829
Bulk Water	0200	82 319	993 659	(1 009 231)	94 255	1 041 007				1 202 009	781 473
PAYE deductions	0300									-	-
VAT (output less input)	0400									-	-
Pensions / Retirement deductions	0500									-	-
Loan repayments	0600									-	-
Trade Creditors	0700									-	-
Auditor General	0800									-	-
Other	0900	(3 563)	33 452	15 491	66 950	11 693				124 023	169 940
Medical Aid deductions	0950									-	-
Total By Customer Type	**1000**	**(1 083 622)**	**2 654 216**	**(460 358)**	**(29 592)**	**2 217 201**	**-**	**-**	**-**	**3 297 845**	**2 654 243**

The chart below presents the creditors per their cost driver for the month ending 30 September 2025.

Chart 3: Creditors Analysis



2.3 Investment Portfolio Analysis

The following information presents the short-term investments balances broken down per investment type as at 30 September 2025.

KZN225 Msunduzi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
Municipal Infrastructure Grant										82 854	5 207	(19 580)		68 482
Unspent Conditional Grant										142 579	28	(11 700)	4 845	135 752
Housing Accreditation										13 803	82		2 045	15 930
Municipal Housing Account										140 726	6		819	141 551
Housing Projects: Principal-Agent										9 233	21			9 255
Compensation Fund (COID)1131010020										965	6			970
Compensation Fund (COID)										24 094				24 094
Airport Development Fund										31	0			31
Insurance Fund										8 531	50			8 581
Vat Recovery on Prov. Grants										1 112	6			1 118
Vat Refunds										7 301	75		10 230	17 605
Call - General Reserves										102 347				102 347
7 Day Notice - General Reserves										54	0			55
1 Day Notice - General Reserves										132	1	(0)		132
Call Account-Loan										185 219	1 105	(12 161)	72	174 236
Standard										2 346	14			2 361
Municipality sub-total										**721 328**	**6 601**	**(43 441)**	**18 011**	**702 499**
Entities														
														-
														-
														-
														-
														-
														-
														-
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									721 328	6 601	(43 441)	18 011	702 499

The total consolidated investment balances as at 30 September 2025 amounted to R702.499 million

2.4 Allocation and Grant receipts and Expenditure

Grant Receipts: The total year to date operational and capital grant receipts for the month of September amounted to R509.949 million that is inclusive of equitable share of R365.547 million, Operating transfers of R32.487 million and Capital transfers of R111.915 million.

KZN225 Msunduzi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		–	**966 680**	–	–	**393 603**	**241 670**	**151 933**	**62,9%**	**966 680**
Equitable Share			877 312			365 547	219 328	146 219	66,7%	877 312
Energy Efficiency and Demand Side Management							–	–		–
Expanded Public Works Programme Integrated Grant			2 624			656	656	–		2 624
Local Government Financial Management Grant			2 000			2 000	500	1 500	300,0%	2 000
Municipal Infrastructure Grant			9 744			2 400	2 436	(36)	-1,5%	9 744
Municipal Systems Improvement Grant	3						–	–		–
Municipal Water Infrastructure Grant [Schedule 5B]			25 000			8 000	6 250	1 750	28,0%	25 000
Public Transport Network Grant			50 000			15 000	12 500	2 500	20,0%	50 000
Regional Bulk Infrastructure Grant							–	–		–
							–	–		–
Other transfers and grants [insert description]							–	–		–
Provincial Government:		–	**50 448**	–	–	**4 431**	**12 612**	**(8 181)**	**-64,9%**	**50 448**
Infrastructure			50 448				12 612	(12 612)	-100,0%	50 448
Housing Accreditation-OPERATING						1 979	–	1 979		–
Human Settlements - Accredited Municipal RO							–	–		–
Housing Projects -OPERATING						2 189	–	2 189		–
SETA- Bursaries for Non Employees- OPERATING						263	–	263		–
COGTA-OPERATING							–	–		–
REG BULK INFRA GRANT							–	–		–
PMB Airport-OPERATING	4						–	–		–
Total Operating Transfers and Grants	5	–	**1 017 129**	–	–	**398 034**	**254 282**	**143 752**	**56,5%**	**1 017 129**
Capital Transfers and Grants										
National Government:		–	376 127	–	–	107 600	94 032	13 568	**14,4%**	376 127
Energy Efficiency and Demand Side Management Grant							–	–		–
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]							–	–		–
Municipal Disaster Recovery Grant			13 214				3 304	(3 304)	-100,0%	13 214
Municipal Disaster Relief Grant							–	–		–
Municipal Infrastructure Grant			232 913			57 600	58 228	(628)	-1,1%	232 913
Neighbourhood Development Partnership Grant			30 000			23 000	7 500	15 500	206,7%	30 000
Public Transport Network Grant			50 000			5 000	12 500	(7 500)	-60,0%	50 000
Water Services Infrastructure Grant			50 000			22 000	12 500	9 500	76,0%	50 000
							–	–		–
Other capital transfers *[insert description]*							–	–		–
Provincial Government:		–	**2 550**	–	**4 315**	**4 315**	**638**	3 677	576,9%	**2 550**
Infrastructure			**2 550**				**638**	(638)	-100,0%	**2 550**
Jika Joe Community Residential Units-CAPITAL							–	–		–
Greater Edendale Development Iniatative-CAPITAL					**351**	**351**	–	351		–
Youth Enterprise Park-CAPITAL							–	–		–
Informal Economy Instructure Development-CAPITAL							–	–		–
Corridor Development- CAPITAL							–	–		–
Municipal Disaster Relief Grant-CAPITAL					**3 964**	**3 964**	–	3 964		–
Community Library Service and Provincialsation Library-CAPITAL							–	–		–
Total Capital Transfers and Grants	5	–	**378 677**	–	**4 315**	**111 915**	**94 669**	**17 246**	**18,2%**	**378 677**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	–	1 395 805	–	4 315	509 949	348 951	160 997	46,1%	1 395 805

Grants Expenditure: The YTD actual grant expenditure as at the end of September 2025 amounted to R440.837 million, and YTD budget was R348.951 million resulting in an over expenditure of R107.361 Million

KZN225 Msunduzi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		–	**966 680**	–	**8 913**	**378 943**	**241 670**	**136 353**	**56,4%**	**966 680**
Equitable Share			877 312			365 547	219 328	146 219	66,7%	877 312
Energy Efficiency and Demand Side Management							–	–		–
Expanded Public Works Programme Integrated Grant			2 624		33	746	656	90	13,8%	2 624
Local Government Financial Management Grant			2 000		81	305	500			2 000
Municipal Infrastructure Grant			9 744		689	1 999	2 436			9 744
Municipal Systems Improvement Grant							–			–
Municipal Water Infrastructure Grant [Schedule 5B]			25 000		7 473	7 803	6 250			25 000
Public Transport Network Grant			50 000		637	2 544	12 500	(9 956)	-79,7%	50 000
Regional Bulk Infrastructure Grant							–	–		–
Provincial Government:		–	**50 448**	–	**6 456**	**8 143**	**12 612**	**(4 469)**	**-35,4%**	**50 448**
Housing Accreditation-OPERATING					202	555	–	555		–
Human Settlements - Accredited Municipal RO							–	–		–
Housing Projects -OPERATING					5 686	5 686	–	5 686		–
Arts and Culture- Community Library Services							–	–		–
Community Library Service and Provincialsation Library-OPERATING					545	1 572	–	1 572		–
Municipal Employment Initiative - OPERATING							–	–		–
Tatham Art Gallery-OPERATING					23	69	–	69		–
Greater Edendale Development Iniatative-OPERATING							–	–		–
Operation Dlulisumlando-OPERATING							–	–		–
SETA- Bursaries for Non Employees- OPERATING						263	–	263		–
COGTA-OPERATING							–	–		–
REG BULK INFRA GRANT							–	–		–
PMB Airport-OPERATING							–	–		–
Infrastructure			50 448				12 612	(12 612)	-100,0%	50 448
Total operating expenditure of Transfers and Grants:		–	**1 017 129**	–	**15 369**	**387 087**	**254 282**	**131 884**	**51,9%**	**1 017 129**
Capital expenditure of Transfers and Grants										
National Government:		–	376 127	–	18 676	53 750	94 032	(23 885)	**-25,4%**	376 127
Energy Efficiency and Demand Side Management Grant							–	–		–
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]							–			–
Municipal Disaster Recovery Grant			13 214				3 304			13 214
Municipal Disaster Relief Grant							–			–
Municipal Infrastructure Grant			232 913		18 570	46 542	58 228			232 913
Neighbourhood Development Partnership Grant			30 000			6 094	7 500			30 000
Public Transport Network Grant			50 000				12 500	(12 500)	-100,0%	50 000
Water Services Infrastructure Grant			50 000		107	1 115	12 500	(11 385)	-91,1%	50 000
Provincial Government:		–	**2 550**	–	–	–	**638**	(638)	-100,0%	**2 550**
Infrastructure			**2 550**				**638**	(638)	-100,0%	**2 550**
Airport Development Project							–	–		–
CBD Capital							–	–		–
Ematsheni-CAPITAL							–	–		–
Housing-Military Veterans							–	–		–
PMB Airport- CAPITAL							–	–		–
Housing Projects -CAPITAL							–	–		–
District Municipality:		–	–	–	–	–	–	–		–
							–	–		
0							–	–		
Other grant providers:		–	–	–	–	–	–	–		–
							–	–		
0							–	–		
Total capital expenditure of Transfers and Grants		–	**378 677**	–	**18 676**	**53 750**	**94 669**	**(24 523)**	**-25,9%**	**378 677**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	**1 395 805**	–	**34 046**	**440 837**	**348 951**	**107 361**	**30,8%**	**1 395 805**

Councillor and Board Member and Employee Benefits

KZN225 Msunduzi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

Summary of Employee and Councillor remuneration R thousands	Ref	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages			4 065		4 076	11 696	1 016	10 679	1051%	4 065
Pension and UIF Contributions			3 702		246	778	926	(147)	-16%	3 702
Medical Aid Contributions			8 990		183	561	2 247	(1 686)	-75%	8 990
Motor Vehicle Allowance			44 127		262	772	11 032	(10 260)	-93%	44 127
Cellphone Allowance			839		328	951	210	741	353%	839
Housing Allowances			8 727		18	53	2 182	(2 129)	-98%	8 727
Other benefits and allowances					2	5	–	5		–
Sub Total - Councillors		–	**70 450**	–	**5 115**	**14 816**	**17 612**	**(2 796)**	**-16%**	**70 450**
% increase	4									
Senior Managers of the Municipality	3									
Basic Salaries and Wages			220 237		760	2 205	55 059	(52 855)	-96%	220 237
Pension and UIF Contributions			1 183		122	346	296	51	17%	1 183
Medical Aid Contributions			262		17	51	65	(15)	-22%	262
Overtime					–	–	–	–		–
Performance Bonus					–	–	–	–		–
Motor Vehicle Allowance			2 212		70	212	553	(341)	-62%	2 212
Cellphone Allowance			149		11	31	37	(6)	-17%	149
Housing Allowances			232		16	49	58	(10)	-17%	232
Other benefits and allowances			342		0	0	85	(85)	-100%	342
Payments in lieu of leave							–	–		–
Sub Total - Senior Managers of Municipality		–	**224 616**	–	**996**	**2 893**	**56 154**	**(53 261)**	**-95%**	**224 616**
% increase	4									
Other Municipal Staff										
Basic Salaries and Wages			1 148 627		89 564	266 089	287 157	(21 067)	-7%	1 148 627
Pension and UIF Contributions			220 183		15 341	45 957	55 046	(9 089)	-17%	220 183
Medical Aid Contributions			23 619		7 559	22 657	5 905	16 752	284%	23 619
Overtime			104 690		12 340	33 709	26 173	7 536	29%	104 690
Performance Bonus					565	961	–	961		–
Motor Vehicle Allowance			63 862		3 012	8 810	15 965	(7 155)	-45%	63 862
Cellphone Allowance			7 497		507	1 508	1 874	(366)	-20%	7 497
Housing Allowances			6 002		373	1 113	1 500	(388)	-26%	6 002
Other benefits and allowances			74 061		1 494	4 599	18 515	(13 916)	-75%	74 061
Payments in lieu of leave					–	–	–	–		–
Long service awards			27 039		1 558	5 558	6 760	(1 202)	-18%	27 039
Sub Total - Other Municipal Staff		–	**1 675 579**	–	**132 312**	**390 961**	**418 895**	**(27 934)**	**-7%**	**1 675 579**
% increase	4									
Total Parent Municipality		–	**1 970 644**	–	**138 424**	**408 670**	**492 661**	**(83 992)**	**-17%**	**1 970 644**
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages			404			37	101	(64)	-64%	404
Pension and UIF Contributions							–	–		–
Medical Aid Contributions							–	–		–
Sub Total - Executive members Board	2	–	**404**	–	–	**37**	**101**	**(64)**	**-64%**	**404**
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages			909		70	209	227	(18)	-8%	909
Pension and UIF Contributions							–	–		–
Medical Aid Contributions			37		3	10	9	1	7%	37
Overtime							–	–		–
Performance Bonus							–	–		–
Motor Vehicle Allowance			34		3	9	8	1	7%	34
Cellphone Allowance			12		1	3	3	(0)	-1%	12
Housing Allowances							–	–		–
Sub Total - Senior Managers of Entities		–	**992**	–	**77**	**231**	**248**	**(17)**	**-7%**	**992**
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages			10 311		718	2 172	2 578	(406)	-16%	10 311
Pension and UIF Contributions			685		51	150	171	(21)	-12%	685
Medical Aid Contributions			1 218		104	315	305	10	3%	1 218
Overtime			491		17	70	123	(53)	-43%	491
Performance Bonus							–	–		–
Motor Vehicle Allowance			114		9	26	28	(3)	-10%	114
Cellphone Allowance			119		10	31	30	1	4%	119
Sub Total - Other Staff of Entities		–	**12 937**	–	**909**	**2 763**	**3 234**	**(471)**	**-15%**	**12 937**
% increase	4									
Total Municipal Entities		–	**14 334**	–	**986**	**3 031**	**3 583**	**(553)**	**-15%**	**14 334**
TOTAL SALARY, ALLOWANCES & BENEFITS		–	**1 984 978**	–	**139 410**	**411 700**	**496 244**	**(84 544)**	**-17%**	**1 984 978**
% increase	4									
TOTAL MANAGERS AND STAFF		–	**1 914 528**	–	**134 295**	**396 884**	**478 632**	**(81 748)**	**-17%**	**1 914 528**

Councillor Allowances

The expenditure on councillor allowances year to date actual as at the end of September 2025 amounted to R14.816 million. The year-to-date budgeted councillor's allowance amounted to R17.612 million.

Employee Benefits

The total consolidated year to date actual salaries expenditure as at 30 September 2025 amounted to R396.884 million, against the year to date budget of R478.632 million.

The detailed staff benefits report is contained in the s66 report

2.5 Parent Municipality Financial Performance

REVENUE AND EXPENDITURE ANALYSIS

The financial performance section analyses material variances between the actual targets as at year to date and the budget for the same period. This report analyses each major component under following headings;

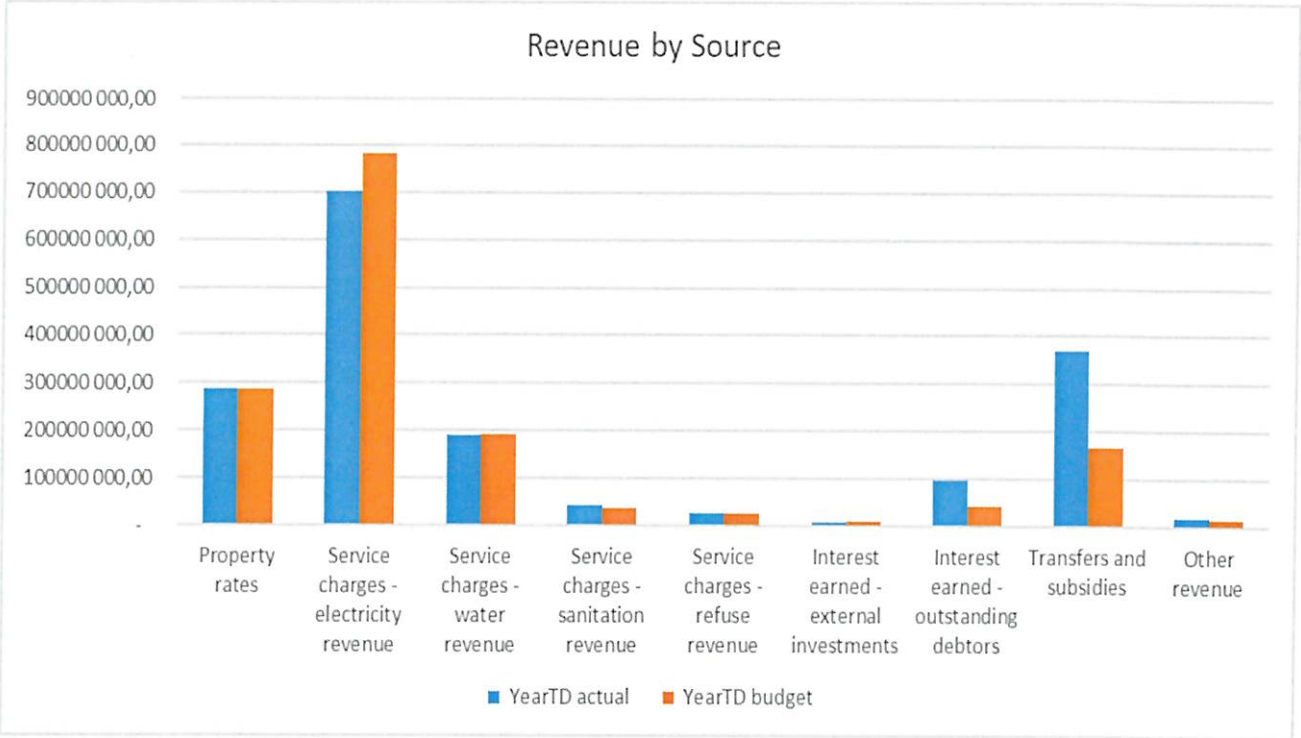
- ✓ Revenue by Source and
- ✓ Operational Expenditure by Type

2.5.1 FINANCIAL PERFORMANCE

REVENUE ANALYSIS

Chart 4: Revenue Analysis

The chart below presents the twelfth month's year to date actual revenue movements against the year to date budgets movements by source of revenue.



Service Charges – Electricity Revenue: This is a major revenue source of the Municipality; contributing 45% of the total operating revenue basket as at 30 September 2025. The year-

to-date actual revenue earned from electricity service charge amounted to R1.134 billion and the year-to-date budget amounted to R1.176 billion.

Property Rates: This is the second largest revenue source of the Municipality; contributing 17% of the total operating revenue basket as at 30 September 2025. The year-to-date actual revenue earned from property rates slightly over performed by 1% when compared to the Year to Date (YTD) Budget.

Service Charges - Water revenue: The revenue earned from Water charges shared 10% of the YTD actual revenue, there is an under-performance of -5% when comparing YTD actual to YTD Budget.

Service charges - Waste Water Management: The revenue earned from Waste Water Management service charges shared 2% of the YTD actual revenue and reflects an over performance of 9% when comparing the YTD actual revenue to the YTD budget.

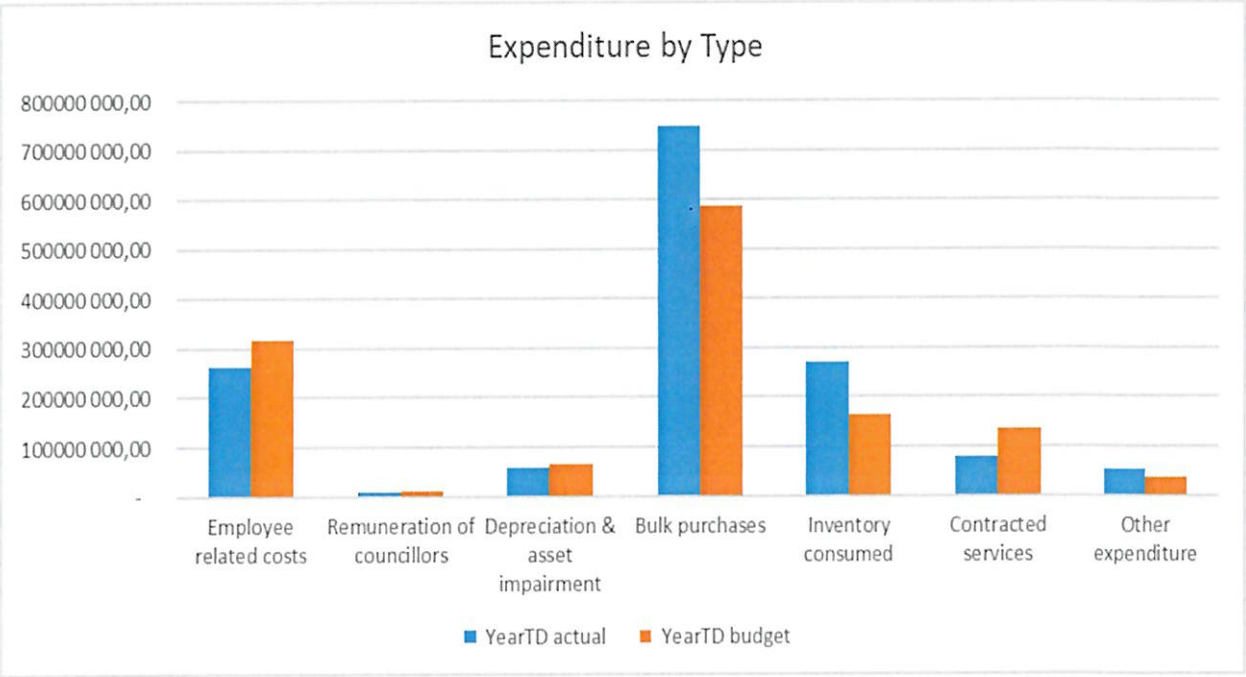
Service charges - Waste management: The revenue earned from refuse service charges shared 2% of the YTD actual revenue, reflects a variance of 3% when comparing the YTD actual revenue to the YTD budget.

Transfers recognised – Operational is made up of all operational grants funding mainly from the National & Provincial Government Departments, the largest of these being the equitable share.

OPERATIONAL EXPENDITURE ANALYSIS

The chart below presents the tenth month's year to date operational expenditure movements against the year to date budget movements by type

Chart 5: Expenditure by Type



Employee Related Costs: There is variance of -17% in respect of actual YTD expenditure on employee related costs against the YTD budget. This is due to post that are vacant and yet to be filled. A detailed line item and business unit analysis of the employee related cost is contained in the MFMA S66 report on staff benefits.

Operational costs: The YTD actual amounted to R65.612 million while the year to date budget was to R56.177 million resulting in an over expenditure of R9.435 million when comparing year to date actual against year to date budget.

Interest: The Finance charges have -24% variance when comparing the YTD actual and YTD budget.

Contracted Services: YTD actual for contracted services amounted to R153.570 million, whilst the budgeted year to date was R202.907 million, resulting in a variance of R49.337 millions

Bulk purchases - electricity: This is a major cost driver of the Municipality contributing 51% of the total actual YTD operating expenditure basket. There was a variance of 25% for this expenditure driver when comparing year to date actual and year to date budget.

Inventory Consumed: YTD actual figure for inventory consumed for the third month of the year amounted to R295.462 million, which is inclusive of water bulk purchases of R266.852 million.

2.6 Municipal Entity Financial Performance

- Table F1 Monthly Budget Statement Summary - M03 September

Description	2024/25	Current Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	–	–	–	–	–	–		–
Service charges	–	–	–	–	–	–	–		–
Investment revenue	–	–	–	–	–	–	–		–
Transfers recognised - operational	–	–	–	–	–	–	–		–
Other own revenue	16 665	17 671	–	20	61	4 418	(4)	-99%	–
Total Revenue (excluding capital transfers and contributions)	**16 665**	**17 671**	**–**	**20**	**61**	**4 418**	**(4 356)**	**-99%**	**–**
Employee costs	13 059	14 334	–	986	3 031	3 601	(570)	-16%	–
Remuneration of Board Members	–	–	–	–	–	–	–		–
Depreciation and asset impairment	665	863	–	56	172	215	(44)	-20%	–
Interest	–	–	–	–	–	–	–		–
Inventory consumed and bulk purchases	–	–	–	–	–	–	–		–
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	2 042	3 196	–	89	312	612	(300)	-49%	–
Total Expenditure	**15 767**	**18 393**	**–**	**1 130**	**3 515**	**4 428**	**(913)**	**-21%**	**–**
Surplus/(Deficit)	**898**	**(722)**	**–**	**(1 111)**	**(3 454)**	**(10)**	**(3 443)**	**33457%**	**–**
Transfers and subsidies - capital (monetary allocations)	–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**898**	**(722)**	**–**	**(1 111)**	**(3 454)**	**(10)**	**(3 443)**	**33457%**	**–**
Income Tax	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**898**	**(722)**	**–**	**(1 111)**	**(3 454)**	**(10)**	**(3 443)**	**33457%**	**–**
Capital expenditure & funds sources									
Capital expenditure	–	2 085	–	–	–	–	–		–
Transfers recognised - capital	–	2 085	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	–	–	–	–	–	–		–
Total sources of capital funds	–	2 085	–	–	–	–	–		–
Financial position									
Total current assets	6 831	4 727	–		2 975				4 727
Total non current assets	6 162	6 806	–		6 025				6 806
Total current liabilities	1 690	1 693	–		1 151				1 693
Total non current liabilities	–	–	–		–				–
Community wealth/Equity	**11 303**	**9 840**	**–**		**7 849**				**9 840**
Cash flows									
Net cash from (used) operating	(2 885)	1 772	–	(1 055)	(3 313)	65	(3 378)	-5197%	–
Net cash from (used) investing	(49)	(2 085)	–	–	31	140	(109)	-78%	–
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the year end	2 104	(314)	–	(1 055)	(3 282)	205	(3 487)	-1701%	–
Debtors & creditors analysis	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**	**Total**
Debtors Age Analysis									
Total By Income Source	–	–	–	–	–	–	–	–	–
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

2.7 Capital Programme Performance

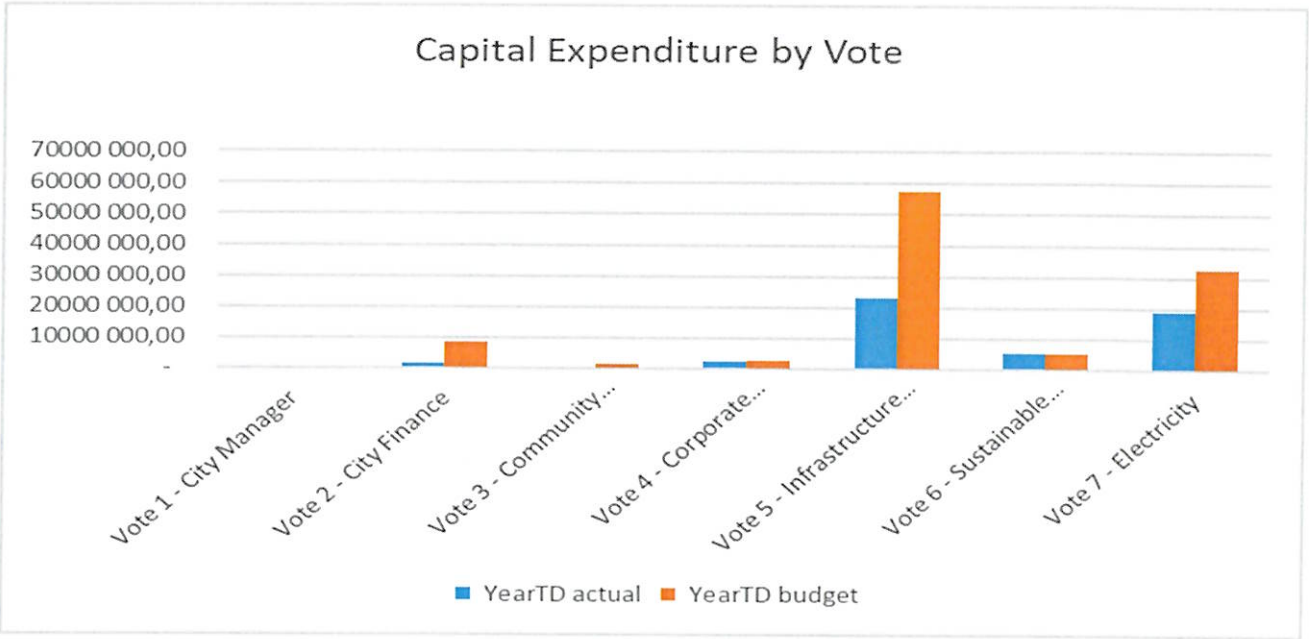
This next section looks at the performance of the capital expenditure programme. This performance is illustrated in the table that follow.

KZN225 Msunduzi - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Q1 First Quarter

Month	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
July		54 662		10 545	10 545	54 662	44 117	80,7%	2%
August		54 662		41 535	52 079	109 324	57 244	52,4%	8%
September		54 662		17 877	69 956	163 985	94 029	57,3%	11%
October		54 662				218 647	–		
November		54 662				273 309	–		
December		54 662				327 971	–		
January		54 662				382 633	–		
February		54 662				437 294	–		
March		54 662				491 956	–		
April		54 662				546 618	–		
May		54 662				601 280	–		
June		54 662				655 941	–		
Total Capital expenditure	–	655 941	–	69 956					

The Total Year to Date Actual Capital Expenditure as at the end of September 2025 amounted to R69.956 million.

Chart 5: Capital Expenditure by Vote



KZN225 Msunduzi - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - Q1 First

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	**178 740**	–	**8 256**	**31 630**	**44 685**	13 055	**29,2%**	**178 740**
Roads Infrastructure		–	18 214	–	–	–	4 554	4 554	**100,0%**	18 214
Roads			18 214				4 554	4 554	**100,0%**	18 214
Electrical Infrastructure		–	54 808	–	552	19 734	13 702	(6 032)	**-44,0%**	54 808
Power Plants							–	–		–
MV Networks			5 000				1 250	1 250	**100,0%**	5 000
LV Networks			30 308		552	19 734	7 577	(12 157)	**-160,4%**	30 308
Capital Spares			19 500				4 875	4 875	**100,0%**	19 500
Water Supply Infrastructure		–	37 500	–	–	–	9 375	9 375	**100,0%**	37 500
Dams and Weirs							–	–		–
Boreholes							–	–		–
Reservoirs			12 500				3 125	3 125	**100,0%**	12 500
Pump Stations							–	–		–
Water Treatment Works							–	–		–
Bulk Mains							–	–		–
Distribution			25 000				6 250	6 250	**100,0%**	25 000
Distribution Points							–	–		–
PRV Stations							–	–		–
Capital Spares							–	–		–
Sanitation Infrastructure		–	68 217	–	7 704	11 896	17 054	5 158	**30,2%**	68 217
Pump Station							–	–		–
Reticulation			44 184		7 704	11 896	11 046	(850)	**-7,7%**	44 184
Waste Water Treatment Works							–	–		–
Outfall Sewers			24 033				6 008	6 008	**100,0%**	24 033
Community Assets		–	**13 400**	–	**1 494**	**4 134**	**3 350**	**(784)**	**-23,4%**	**13 400**
Community Facilities		–	13 400	–	1 494	4 134	3 350	(784)	**-23,4%**	13 400
Halls			13 400		1 494	4 134	3 350	(784)	-23,4%	13 400
Centres							–	–		–
Capital Spares							–	–		–
Sport and Recreation Facilities		–	–	–	–	–	–	–		–
Indoor Facilities							–	–		–
Outdoor Facilities							–	–		–
Capital Spares							–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments							–	–		–
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property							–	–		–
Unimproved Property							–	–		–
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property							–	–		–
Unimproved Property							–	–		–
Other assets		–	–	–	**36**	**(0)**	–	**0**		–
Operational Buildings		–	–	–	36	(0)	–	0		–
Municipal Offices					36	(0)	–	0		
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Biological or Cultivated Assets							–	–		
Intangible Assets		–	**40 000**	–	–	**1 543**	**10 000**	**8 457**	84,6%	**40 000**
Servitudes						1 543	–	(1 543)		
Licences and Rights		–	40 000	–	–	–	10 000	10 000	**100,0%**	40 000
Computer Software and Applications			40 000				10 000	10 000	100,0%	40 000
Load Settlement Software Applications							–	–		–
Unspecified							–	–		–
Computer Equipment		–	**200**	–	–	–	**50**	**50**	100,0%	**200**
Computer Equipment			200				50	50	100,0%	200
Furniture and Office Equipment		–	**6 000**	–	–	–	**1 500**	**1 500**	100,0%	**6 000**
Furniture and Office Equipment			6 000				1 500	1 500	100,0%	6 000
Machinery and Equipment		–	**12 085**	–	**103**	**123**	**3 021**	**2 898**	95,9%	**12 085**
Machinery and Equipment			12 085		103	123	3 021	2 898	95,9%	12 085
Transport Assets		–	**3 000**	–	–	**(41)**	**750**	**791**	105,5%	**3 000**
Transport Assets			3 000			(41)	750	791	105,5%	3 000
Land		–	–	–	–	–	–	–		–
Land							–	–		
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals							–	–		
Living resources		–	–	–	–	–	–	–		–
Mature		–	–	–	–	–	–	–		–
Policing and Protection							–	–		
Zoological plants and animals							–	–		
Immature		–	–	–	–	–	–	–		–
Policing and Protection							–	–		
Zoological plants and animals							–	–		
Total Capital Expenditure on new assets	1	–	**253 425**	–	**9 890**	**37 389**	**63 356**	**25 967**	**41,0%**	**253 425**

KZN225 Msunduzi - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset

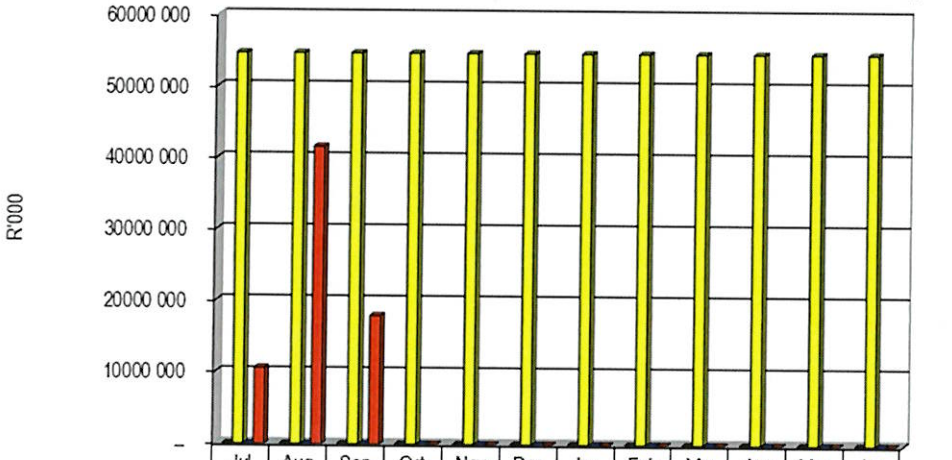
Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	241 180	–	532	2 228	60 295	58 067	96,3%	241 180
Roads Infrastructure		–	102 393	–	532	2 233	25 598	23 365	91,3%	102 393
Roads			47 393		532	2 233	11 848	9 615	81,2%	47 393
Road Structures			55 000				13 750	13 750	100,0%	55 000
Road Furniture							–	–		–
Capital Spares							–	–		–
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection							–	–		
Storm water Conveyance							–	–		
Attenuation							–	–		
Electrical Infrastructure		–	47 393	–	–	(5)	11 848	11 854	100,0%	47 393
Power Plants							–	–		–
HV Substations			47 393			(5)	11 848	11 854	100,0%	47 393
HV Switching Station							–	–		–
Capital Spares							–	–		
Sanitation Infrastructure		–	91 393	–	–	–	22 848	22 848	100,0%	91 393
Pump Station							–	–		–
Reticulation			44 000				11 000	11 000	100,0%	44 000
Waste Water Treatment Works			47 393				11 848	11 848	100,0%	47 393
Community Assets		–	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls							–	–		
Centres							–	–		
Crèches							–	–		
Monuments							–	–		
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Biological or Cultivated Assets								–		
Intangible Assets		–	–	–	–	–	–	–		–
Servitudes								–		
Licences and Rights		–	–	–	–	–	–	–		–
Water Rights							–	–		
Effluent Licenses							–	–		
Solid Waste Licenses							–	–		
Computer Software and Applications							–	–		
Load Settlement Software Applications							–	–		
Unspecified							–	–		
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment								–		
Furniture and Office Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment								–		
Machinery and Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment								–		
Transport Assets		–	–	–	–	–	–	–		–
Transport Assets								–		
Land		–	–	–	–	–	–	–		–
Land								–		
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals								–		
Living resources		–	–	–	–	–	–	–		–
Mature		–	–	–	–	–	–	–		–
Policing and Protection							–	–		
Zoological plants and animals							–	–		
Immature		–	–	–	–	–	–	–		–
Policing and Protection							–	–		
Zoological plants and animals							–	–		
Total Capital Expenditure on renewal of existing assets	1	–	241 180	–	532	2 228	60 295	58 067	96,3%	241 180

KZN225 Msunduzi - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - Q1

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	150 120	–	7 440	30 183	37 530	7 347	19,6%	150 120
Roads Infrastructure		–	78 720	–	993	15 490	19 680	4 190	21,3%	78 720
Roads			54 820		993	15 490	13 705	(1 785)	-13,0%	54 820
Road Structures			23 900				5 975	5 975	100,0%	23 900
Road Furniture							–	–		–
Capital Spares							–	–		–
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection							–	–		
Storm water Conveyance							–	–		
Attenuation							–	–		
Electrical Infrastructure		–	–	–	471	491	–	(491)		–
Power Plants					471	491	–	(491)		–
Water Supply Infrastructure		–	71 400	–	5 447	12 512	17 850	5 338	29,9%	71 400
Dams and Weirs							–	–		–
Boreholes							–	–		–
Reservoirs							–	–		–
Pump Stations							–	–		–
Water Treatment Works							–	–		–
Bulk Mains							–	–		–
Distribution			71 400		5 447	12 512	17 850	5 338	29,9%	71 400
Distribution Points							–	–		–
PRV Stations							–	–		–
Capital Spares							–	–		–
Sanitation Infrastructure		–	–	–	528	1 690	–	(1 690)		–
Pump Station							–	–		–
Reticulation					528	1 690	–	(1 690)		–
Waste Water Treatment Works							–	–		–
Community Assets		–	11 217	–	–	141	2 804	2 663	95,0%	11 217
Community Facilities		–	10 000	–	–	141	2 500	2 359	94,4%	10 000
Halls						141	–	(141)		–
Centres							–	–		–
Purls							–	–		–
Public Open Space			10 000				2 500	2 500	100,0%	10 000
Capital Spares							–	–		–
Sport and Recreation Facilities		–	1 217	–	–	–	304	304	100,0%	1 217
Indoor Facilities							–	–		–
Outdoor Facilities			1 217				304	304	100,0%	1 217
Capital Spares							–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments							–	–		–
Historic Buildings							–	–		–
Works of Art							–	–		–
Conservation Areas							–	–		–
Other Heritage							–	–		–
								–		
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property							–	–		
Unimproved Property							–	–		
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property							–	–		
Unimproved Property							–	–		
Other assets		–	–	–	–	–	–	–		–
Operational Buildings		–	–	–	–	–	–	–		–
Municipal Offices							–	–		
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment							–	–		
Furniture and Office Equipment		–	–	–	16	16	–	(16)		–
Furniture and Office Equipment					16	16	–	(16)		
Machinery and Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment							–	–		
Transport Assets		–	–	–	–	–	–	–		–
Transport Assets							–	–		
Land		–	–	–	–	–	–	–		–
Land							–	–		
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals							–	–		
Living resources		–	–	–	–	–	–	–		–
Mature		–	–	–	–	–	–	–		–
Policing and Protection							–	–		
Zoological plants and animals							–	–		
Immature		–	–	–	–	–	–	–		–
Policing and Protection							–	–		
Zoological plants and animals							–	–		
Total Capital Expenditure on upgrading of existing assets	1	–	161 337	–	7 455	30 339	40 334	9 995	24,8%	161 337

The chart below displays monthly trends of the Capital Expenditure and targets.

Chart 6: Capital Expenditure Monthly Trend

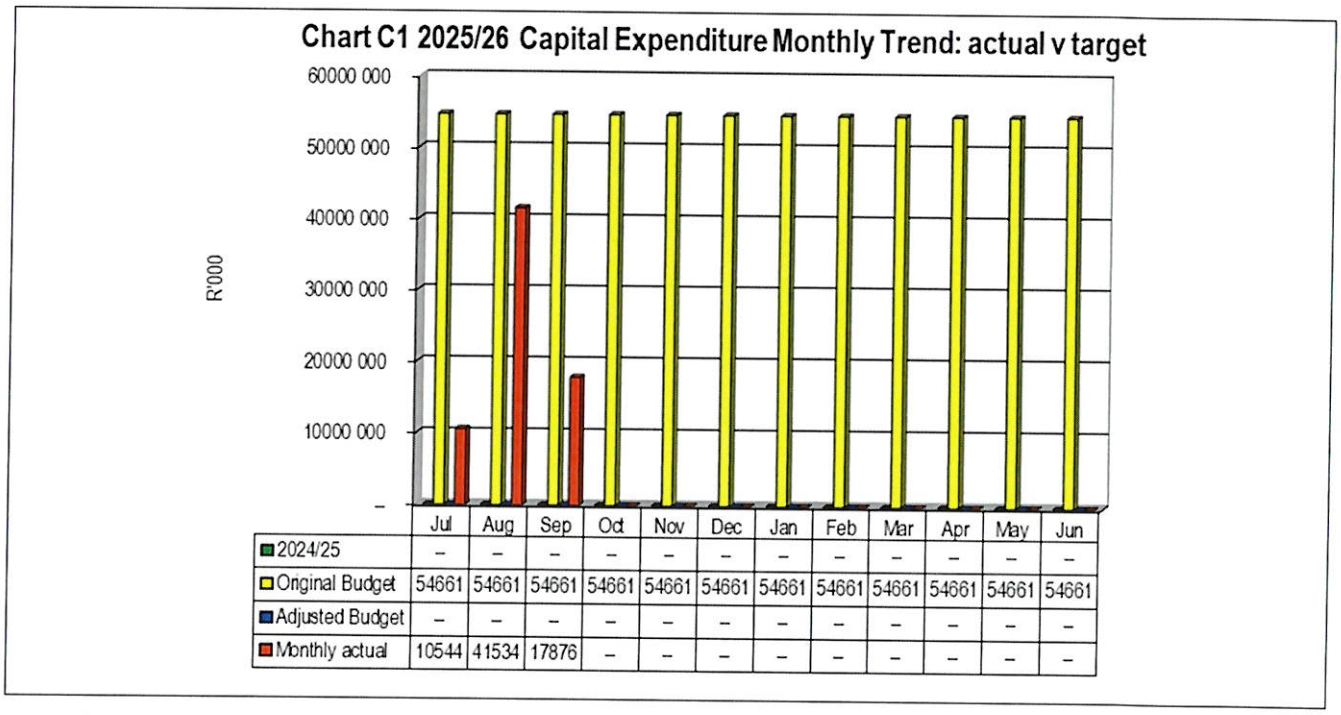


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2024/25	–	–	–	–	–	–	–	–	–	–	–	–
Original Budget	54661	54661	54661	54661	54661	54661	54661	54661	54661	54661	54661	54661
Adjusted Budget	–	–	–	–	–	–	–	–	–	–	–	–
Monthly actual	10544	41534	17876	–	–	–	–	–	–	–	–	–

The Original Budget stipulates the budget for the year. The monthly actual figures stipulate a monthly trend.

The chart below, on the other hand, tracks the capital expenditure's cumulative balances budget versus actual.

Chart 7: Capital Expenditure: YTD Actual vs. YTD Target



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2024/25	–	–	–	–	–	–	–	–	–	–	–	–
Original Budget	54661	54661	54661	54661	54661	54661	54661	54661	54661	54661	54661	54661
Adjusted Budget	–	–	–	–	–	–	–	–	–	–	–	–
Monthly actual	10544	41534	17876	–	–	–	–	–	–	–	–	–

In Year report of Municipal Entities is attached to the Municipality's in-year report

The municipal entity's report for the month ending 30 September 2025 is attached.

2.8 Annexure B: Compliance with the conditions for Municipal Debt Relief

2.8.1 MFMA Circular 124 – Municipality Compliance Self-Assessment

Annexure A2 - Monthly

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

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application		
Period	Aug'25	
National Financial Year	2025/26	
Demarcation Code of Municipality being assessed	KZN225	
District	uMgungundlovu	
Demarcation Description	Msunduzi	

I, Ms Gugu Mashiteng , 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

				Notes/Comments
Condition 6.12	6.3 +	**Maintaining the Eskom and bulk water current account –** (current account for the purpose of this exercise means the account for a single month's consumption).		
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - refer condition 6.12.2	Yes	
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No	The municipality has a payment arrangement with Umngeni so the financial system and POP does not match entirely
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application	Yes	
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No	The municipality has a payment plan in place with Eskom
	6.4	**Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)**	Select	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	Yes	
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should 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".		
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget and Reporting Regulations?	Yes	
		Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".		
11	6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	N/A - the MTREF is funded	
		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.		
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.	N/a	
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes	
14	6.5	**Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?**	Yes	
	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:		
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	Yes	
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.	Yes	However, the municipality's indigent policy allocated 70 Kw and 6 Kl

	6.6	**Supporting evidence: The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.**		
	6.7	**Maintain a minimum average quarterly collection of property rates and services charges –**		
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter	
		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 the norm.		
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :		
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1	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 and the reason(s) for the failure?	not yet the end of a quarter	
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes	
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
	6.8	**Municipality's Completeness of the revenue base –**		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	The reconciliation between the GVR and the billing system (SAP) is performed monthy and are aligned. The variances identified are caused by the section 78 amendments of the GVR that are processed during that specific month as
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement	N/a	
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	Yes	
	6.9	**Monitor and report on implementation –**		
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? Note - condition 6.9.2 has a typing error and must refer to 6.9.1.	6.9.1 = Yes	
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	Yes	The FRP is submitted to Provincial Treasury quarterly
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
		Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.		
	6.10	***Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 24 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:***		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes	
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.	Yes	
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	
		Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.		
36	6.11	**Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?**	No	
		Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of the municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.		
	6.12	**For the duration of the Municipal Debt Relief (to ensure proper management of resources):**		
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	No	The municipality does not have a ring fenced Primary account - sub account
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes	However, there is no seperate ring fenced bank account. The municipality currently has a payment plan in place for bulk water and Eskom and is compliant with plan.

		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.11(3).		
39		Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	No	
40	6,13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.	Yes	Yes the municipality received the 1/3 approval of the debt relief and will be accounting for the approval in the 2024/2025 AFS.
41	6,14	NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	Yes	The municipality has failed to comply with the payment arrangement with Eskom but has however failed to pay on time but is its just one month behind is working on settling the arrears
		Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.		

PT: HOD/ NT / MM Name: _____

Signature of HOD/ NT/ MM: _____

Date: _____

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

2.8.2 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 1 November 2023:

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

Province		
KZN		
Code	District	Code Description
KZN225	uMgungundlovu	Msunduzi

Monthly Performance Report

Municipal Details			Part A					Part B					Part C			Part D			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			Maximisation of Revenue Base			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	Msunduzi	KZN225	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	100%	Above Expectations
26.August25	Msunduzi	KZN225	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	88%	Above Expectations
27.September25	Msunduzi	KZN225	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	88%	Above Expectations
28.October25	Msunduzi	KZN225																																									0%	Not completed
29.November25	Msunduzi	KZN225																																									0%	Not completed
30.December25	Msunduzi	KZN225																																									0%	Not completed
31.January26	Msunduzi	KZN225																																									0%	Not completed
32.February26	Msunduzi	KZN225																																									0%	Not completed
33.March26	Msunduzi	KZN225																																									0%	Not completed
34.April26	Msunduzi	KZN225																																									0%	Not completed
35.May26	Msunduzi	KZN225																																									0%	Not completed
36.June26	Msunduzi	KZN225																																									0%	Not completed
37.July26	Msunduzi	KZN225																																									0%	Not completed
38.August26	Msunduzi	KZN225																																									0%	Not completed
39.September26	Msunduzi	KZN225																																									0%	Not completed
40.October26	Msunduzi	KZN225																																									0%	Not completed
41.November26	Msunduzi	KZN225																																									0%	Not completed

		Comments/Motivation
HOD Name:	Mr S.F Mndebele	
Signature of HOD:		
Date:	2025/10/10	

The municipality has paid an amount of R 57 million to Umngeni. The Eskom account was paid an amount of R550 million in September 2025. It is imperative that the non-compliance issues as raised by National Treasury is addressed as matter of urgency with a decisive implementation strategy and stringent monitoring thereof. The municipality a moderate 88% compliance for the month of August. Achieving 100% compliance is possible, provided that all parties come to the table and work as a collective to achieve this. Revenue collection must remain a key focus point, whilst a tangible solution must be sought for the interrupting or restricting of water supply.

2.8.3 The National Treasury Debt Relief Compliance Assessment

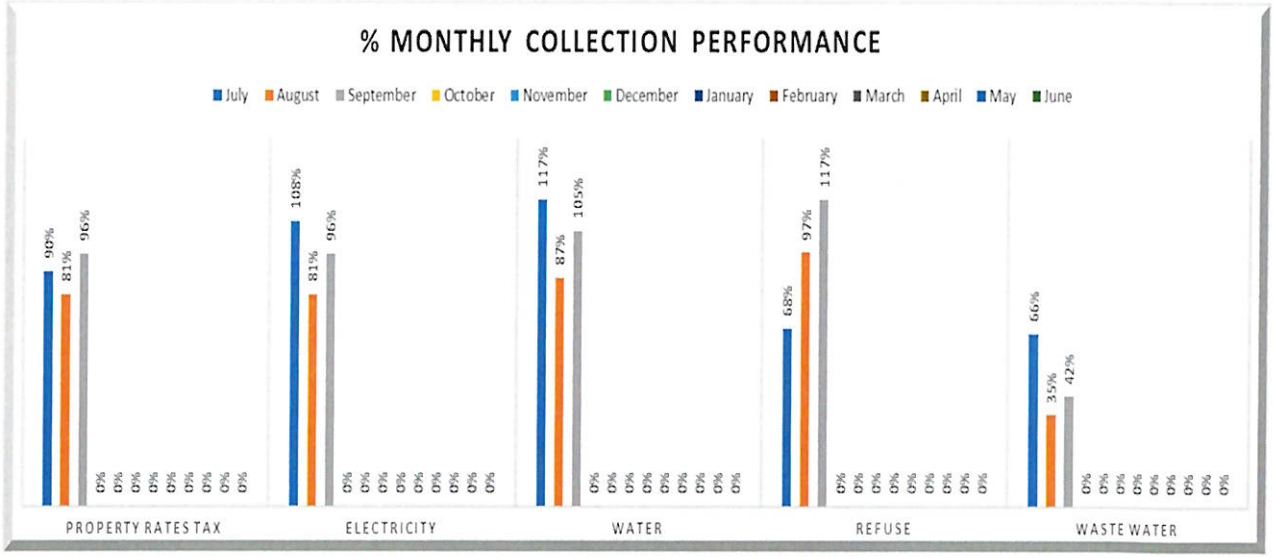
The latest National Treasury debt relief compliance certificate and non-compliance report issued to the municipality for the month of August 2025 is attached to this S71 report.

- Condition 6.2 – Application-based supported by Council's resolution
- Condition 6.3 – Maintaining the Eskom current account
- Condition 6.4 – A funded MTREF
- Condition 6.5 – Cost reflective tariffs
- Condition 6.6 – Electricity and water as collection tools
- Conditions 6.7 – Maintain a minimum average quarterly collection of property rates and services charges
- Condition 6.8 – Completeness of the revenue base
- Condition 6.9 – Monitor and report on compliance
- Condition 6.10 – National Treasury certification of municipal compliance

- Condition 6.11 -Limitation on Municipal borrowing powers
- Condition 6.12 – Proper management of resources and Condition 6.13 Accounting Treatment

2.8.4 MFMA Circular 124 – Condition 6.6 (Electricity and Water as Collection Tools) & Condition 6.7 (Maintain a minimum of average quarterly collection of property rates and services charges)

2.8.4.1 Monthly / Quarterly collection per ward



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

Municipal Details							
Kwazulu Natal							
Code		District		Municipality		Period Monitored	No.Of Wards
KZN225				Msunduzi		September	1

Collection Rate Assessment																				
Aggregate Collection	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	Summary - Quarter 3				Q3	Summary - Quarter 4				Q4
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection	
1 Collection for whole demarcation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
2 Collection excl Eskom supplied areas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
3 Collection Property Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
4 Total average collection Electricity (Municipal supplied areas)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
5 Total average collection Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
6 Total average collection Wastewater	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
7 Total average collection Refuse	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	
8 Total average collection Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				#DIV/0!					#DIV/0!					#DIV/0!	

2.8.4.2 Monthly – Restriction of Free Basic Services to Indigent Households

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

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

Description	Ref	As Per Debt Relief Application				Current Year - 2025/2026									2025/2026 - Monthly Monitoring		
		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
Indigent Household service targets	1																
Water *: (Include All indigent households also in Eskom supplied areas)*																	
Indigent HH's with piped water inside dwelling																	
Indigent HH's with piped water inside yard (but not in dwelling)																	
Indigent HH's using public tap (at least min service level)	2																
Indigent HH's with other water supply (at least min service level)	4																
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigent HH's using public tap (< min service level)	3																
Indigent HH's with other water supply (< min service level)	4																
Indigent HH's with No water supply																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Status of Water meters :																	
Number of Indigent HH's with prepaid Water																	
Number of Indigent HH's with conventional metered Water						5 659	5 690										
Number of Indigent HH's NOT metered currently - Water																	
Number of Indigent HH's with NO Water supply - No metering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	10	-	-	-	-	5 659	5 690	-	-	-	-	-	-	-	-	-	-
Status of unlimited supply of Water :																	
Number of Indigent HH's with conventional metered Water - where the municipality is *NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month*						-											
Number of Indigent HH's NOT metered currently receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HH's **billed for consumption above the 6 kilolitres**	11					-											
Energy *: (Include All indigent households also in Eskom supplied areas)*																	
Indigent HH's with Electricity (at least min service level)																	
Indigent HH's with Electricity - prepaid (min service level)																	
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigent HH's with Electricity (< min service level)																	
Indigent HH's with Electricity - prepaid (< min service level)																	
Indigent HH's with other energy sources																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Status of Electricity meters :																	
Number of Indigent HH's with prepaid Electricity						396	401	497									
Number of Indigent HH's with conventional metered Electricity						3 080	3 089	3 143									
Number of Indigent HH's NOT metered currently - Electricity																	
Number of Indigent HH's with other energy sources - No metering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	12	-	-	-	-	3 476	3 490	3 640	-	-	-	-	-	-	-	-	-
Status of unlimited supply of Electricity :																	
Number of Indigent HH's with conventional metered Electricity - where the municipality is *NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HH's **billed for consumption above the 50 kwh**	13					-											
Number of ALL Households receiving Free Basic Service (including registered indigent Households)	7																
Water (6 kilolitres per household per month)						5 659	5 690	5 823									
Electricity/other energy (50kwh per household per month)						3 476	3 490	3 598									
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)						154	154	154									
Electricity/other energy (50kwh per household per month)						169	169	169									
Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)																	
Electricity/other energy (50kwh per household per month)																	
Total cost of FBS Water and Electricity provided to ALL Households	8	-	-	-	-	323	323	323	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household (ALL Households)																	
Property rates (R value threshold)																	
Water (kilolitres per household per month)						6	6	6									
Sanitation (kilolitres per household per month)						-	-	(310)									
Sanitation (Rand per household per month)						310	310	310									
Electricity (kwh per household per month)						70	70	70									
Refuse (average litres per week)						1	1	1									
Revenue cost of subsidised services provided for ALL Households (R'000)	9																
Residential Category Property rates (tariff adjustment) (**impermissable values per section 17 of MPRA)**	14(a)																
PSI Category Property rates (**tariff adjustment**) (**impermissable values per section 17 of MPRA)**	14(b)																
Additional Subsidies Property rates exemptions, reductions and rebates in excess of section 17 of MPRA)																	
Water (**in excess of 6 kilolitres per indigent household per month**)	15					-	-										
Sanitation (**in excess of free sanitation service to indigent households**)	16					-	-										
Electricity/other energy (**in excess of 50 kwh per indigent household per month**)						20	20	20									
Refuse (**in excess of one removal a week for indigent households**)						-	-										
Municipal Housing - rental rebates																	
Housing - top structure subsidies	6																
Other																	
Total revenue cost of subsidised services provided		-	-	-	-	20	20	20	-	-	-	-	-	-	-	-	-

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

Property Rates Reconciliation

Province	KZN
District	Msunduzi
Type	LM
Municipal Name	Msunduzi
GV Period	01/07/2020 - 30/06/2025
Financial Year	2024/2025
Reconciliation Period	Quarter 4

Reconciliation Overview

High Level Reconciliation

	No. of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	71307	71282	25	56 992 830 021,00	56 967 705 821,00	25 124 200,00
Industrial	1151	1151	0	5 161 325 611,00	5 163 725 611,00	- 2 400 000,00
Business and Commercial	3381	3362	19	19 227 389 059,00	19 160 870 829,00	66 518 230,00
Agricultural	162	162	0	706 155 000,00	706 155 000,00	-
Mining	3	3	0	24 716 000,00	24 716 000,00	-
State Owned for Public Pur	441	443	-2	5 628 619 000,00	5 596 626 000,00	31 993 000,00
PSI	120	126	-6	100 249 000,00	100 284 000,00	- 35 000,00
PBO	122	122	0	1 056 781 000,00	1 056 781 000,00	-
Multi Use	37	38	-1	1 186 770,00	-	1 186 770,00
Vacant	5207	5171	36	1 840 467 709,00	1 845 102 909,00	- 4 635 200,00
POW	0	0	0	-	-	-
Municipal	9358	9506	-148	4 209 283 000,00	4 199 801 000,00	9 482 000,00
Other	1132	1880	-748	1 114 413 050,00	1 241 647 050,00	-127 234 000,00
	92421	93246	-825	96 063 415 220,00	96 063 415 220,00	-

Detailed Reconciliation

	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	75 051 198	66 293 697	8 757 501	225 153 593,61	198 881 091,99	26 272 501,62
Industrial	12 129 115	12 135 383	- 6 267	36 387 345,56	36 406 147,92	- 18 802,36
Business and Commercial	45 184 364	45 008 338	176 027	135 553 092,87	135 025 013,34	528 079,53
Agricultural	229 500	227 929	1 571	688 501,13	683 787,18	4 713,95
Mining	58 083	58 083	-	174 247,80	174 247,80	-
State Owned for Public Pur	13 227 255	13 162 207	65 048	39 681 763,95	39 486 619,95	195 144,00
PSI	22 807	39 096	- 16 290	68 419,94	117 289,05	- 48 869,11
PBO	343 454	-	343 454	1 030 361,48	-	1 030 361,48
Multi Use	-	2 557	- 2 557	-	7 670,40	- 7 670,40
Vacant	4 463 134	4 467 927	- 4 793	13 389 402,58	13 403 780,64	- 14 378,06
POW	-	-	-	-	-	-
Municipal	10 242 589	5 046 651	5 195 938	30 727 765,90	15 139 953,00	15 587 812,90
Other	-	562 607	- 562 607	-	1 687 821,27	- 1 687 821,27
Total	R160 951 498,27	R147 004 474,18	R13 947 024,09	482 854 494,81	441 013 422,54	41 841 072,27

On the compilation of the S71 report the report for quarter 1 the reconciliation had not been finalised but it will be uploaded to GoMuni as soon as it is finalised.

2.8.6 MFMA Circular 124 – Conditions 6.3 (Maintaining the Eskom bulk current account) and Conditions 6.12 (Proper management of resources)

i) Indicated below is the Eskom Bulk current account invoices

Eskom

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

EASTERN REGION
PRIVATE BAG X18 Westville 3630

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

Eskom

MSUNDUZI MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PO BOX 399
PIETERMARITZBURG
3200

YOUR ACCOUNT NO	9455522022
SECURITY HELD	1.75
BILLING DATE	2025-09-03
TAX INVOICE NO	945213071560
ACCOUNT MONTH	AUGUST 2025
CURRENT DUE DATE	2025-10-03
VAT REG NO	4600107835

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

EASTERN REGION
PRIVATE BAG X16 Westville 3630

DIRECT DEPOSIT DETAIL
BANK: First National Bank
BRANCH CODE: 323626
BANK ACC NO: 50850143295

TAX INVOICE

E-MAIL: Shomala.dhanilal@msunduzi.gov.za

ACCOUNT TRANSACTION SUMMARY

190002769 8

ADMINISTRATION CHARGE		R	1,219.54
TRANSMISSION NETWORK CAPACITY		R	3,552,000.00
DIST. NETWORK CAPACITY CHARGE		R	6,008,800.00
NETWORK DEMAND CHARGE		R	2,798,130.24
URBAN LOW VOLTAGE SUBSIDY		R	825,100.00
ANCILLARY SERVICE (ALL)		R	524,187.61
GENERATOR CAPACITY CHARGE		R	2,390,200.00
LEGACY CHARGE (ALL)		R	29,652,017.93
ENERGY CHARGE (OFF)	59,511,908.00	R	62,969,549.85
ENERGY CHARGE (PEAK)	24,219,755.00	R	153,761,538.60
ENERGY CHARGE (STD)	57,940,663.00	R	91,963,420.32
SERVICE CHARGE		R	70,427.04
ELECTRIFICATION AND RURAL SUBS (ALL)		R	7,111,950.76
SERVICE CHARGE		R	0.01
TOTAL CHARGES FOR BILLING PERIOD		R	361,628,539.90

MUNICIPAL MANAGER
FINANCE - BUDGETS
2025 -09- 0 9

ACCOUNT NO / REFERENCE NO
9455522022
NAME
MSUNDUZI MUNICIPALITY
FAX NUMBER

unpay 7100 10 0010

ACCOUNT SUMMARY FOR AUGUST 2025

BALANCE BROUGHT FORWARD	(Due Date 2025-09-04)	R	1,458,972,417.79
PAYMENT(S) RECEIVED	Electronic Payments - 2025-08-18	R	-50,000,000.00
PAYMENT(S) RECEIVED	Electronic Payments - 2025-08-29	R	-70,797,404.79
PAYMENT(S) RECEIVED	Electronic Payments - 2025-09-02	R	-100,000,000.00
TOTAL CHARGES FOR BILLING PERIOD		R	361,628,539.90
ADJUSTMENT	Interest on overdue account	R	3,012,952.68
ADJUSTMENT	Interest on overdue payment arrangement debt	R	4,081,419.45
ADJUSTMENT	Interest on overdue account	R	4,079,000.68
PAYMENT ARRANGEMENT	9451423259 (Balance o/s R 374,353,284.84)	R	20,797,404.79
VAT RAISED ON ITEMS AT 15%		R	54,244,280.98

272157001945552022 4

>> 9207 2945 5522 0227

Pay it

easypay

Inv 117337-79

MSUNDUZI MUNICIPALITY
INFRASTRUCTURE SERVICES BUSINESS UNIT
CERTIFY THE FOLLOWING:
* THE SERVICE WAS RENDERED SATISFACTORILY
* GOODS/SERVICES WERE IN ACCORDANCE WITH SPECIFICATION
* THERE WERE NO SHORT DELIVERIES
* CHARGES, TARIFFS AND RATES CHARGED AS PER CONTRACT
* NECESSARY SUPPORTING DOCUMENTATION ATTACHED
* PAYEE ENTITLED TO THE PAYMENT
SIGNATURE
DATE
DESIGNATION MANAGER CUSTOMER SERVICES

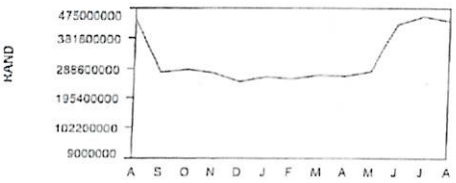
CURRENT	TOTAL DUE	
447,843,598.46	R	1,686,018,611.46

ARREARS

>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS
328,448,227.37	434,267,766.30	0.00	475,459,019.33

Total outstanding debt must be settled immediately, subject to disconnection without further notice

TOTAL AMOUNT DUE
1,686,018,611.46



MSUNDUZI MUNICIPALITY
INFRASTRUCTURE SERVICES BUSINESS UNIT
B. KANYILE
CERTIFY THE FOLLOWING:
* THE SERVICE WAS RENDERED SATISFACTORILY
* GOODS/SERVICES WERE IN ACCORDANCE WITH SPECIFICATION
* THERE WERE NO SHORT DELIVERIES
* CHARGES, TARIFFS AND RATES CHARGED AS PER CONTRACT
* NECESSARY SUPPORTING DOCUMENTATION ATTACHED
* PAYEE ENTITLED TO THE PAYMENT
SIGNATURE
DATE: 05/09/2025
DESIGNATION MANAGER CUSTOMER SERVICES

PAGE RUN NO	EE 1
BILL GROUP	0145368860
BILL PAGE	1 OF 3

PAYMENT ARRANGEMENT	
INSTALMENT	20,797,404.79
ARREARS (Due Immediately)	1,238,175,013.00
DUE DATE (For Current Amount)	2025-10-03
AMOUNT PAID	

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT

Eskom

EASTERN REGION
PRIVATE BAG X16 Westville 3630

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

YOUR ACCOUNT NO	9455522022
BILLING DATE	2025-09-03
TAX INVOICE NO	945213071560
ACCOUNT MONTH	AUGUST 2025
CURRENT DUE DATE	2025-10-03
VAT REG NO	4600107835
NOTIFIED MAX DEMAND	190,000.00
UTILISED CAPACITY	190,000.00

MSUNDUZI MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PO BOX 399
PIETERMARITZBURG
3200

CONSUMPTION DETAILS (2025-08-01 - 2025-08-31)

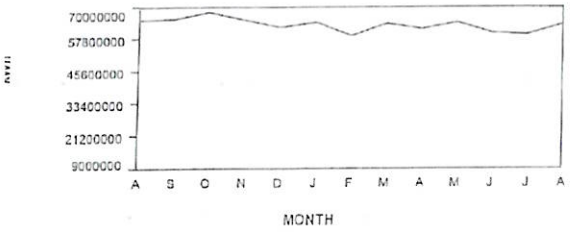
ENERGY CONSUMPTION OFF PEAK kWH	27,440,167.20
ENERGY CONSUMPTION STD kWh	25,806,926.40
ENERGY CONSUMPTION PEAK kWh	10,257,316.80
ENERGY CONSUMPTION ALL kWh	63,504,410.40
DEMAND CONSUMPTION - OFF PEAK	100,850.00
DEMAND CONSUMPTION - STD	127,527.84
DEMAND CONSUMPTION - PEAK	116,661.58
DEMAND READING - KW/KVA	127,527.84
REACTIVE ENERGY - OFF PEAK	4,778,392.80
REACTIVE ENERGY - STD	4,943,726.40
REACTIVE ENERGY - PEAK	1,757,850.80
EXCESS REACTIVE ENERGY	63,504,410.40

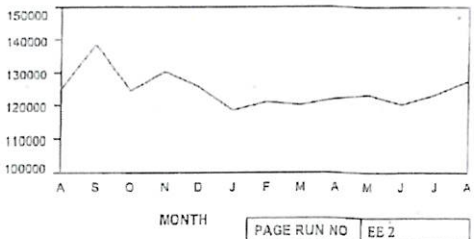
PREMISE ID NUMBER 9455522085 **TARIFF NAME:** Municflex

06808 64 INTERVAL 190MVA MEGAFLX MSUNDUZI SUB HULETT & MASONS

Administration Charge @ R19.67 per day for 31 days	R	609.77
TX Network Capacity Charge 190,000 kVa @ R9.60 : = R9.60/kVA	R	1,824,000.00
Network Capacity Charge 190,000 kVA @ R16.24 : = R16.24/kVA	R	3,085,600.00
Network Demand Charge 127,527.85 kVA @ R9.60 : = R9.60 /kVA	R	1,224,267.36
Urban Low Voltage Subsidy 190,000 kVa @ R2.23 : = R2.23/kVA	R	423,700.00
Ancillary Service Charge 63,504,410 kWh @ R0.0037 /kWh	R	234,986.32
Generator Capacity Charge 190,000 kVa @ R6.46 : = R6.46/kVA	R	1,227,400.00
Legacy Charge 63,504,410.4 kWh @ R0.2093 /kWh	R	13,291,473.10
High Season Off Peak Energy Charge 27,440,167 kWh @ R1.0581 /kWh	R	29,034,440.70
High Season Peak Energy Charge 10,257,317 kWh @ R6.3486 /kWh	R	65,119,602.71
High Season Standard Energy Charge 25,806,926 kWh @ R1.5872 /kWh	R	40,960,752.95
Service Charge @ R1,135.92 per day for 31 days	R	35,213.52
Electrification and Rural Subsidy 63,504,410 kWh @ R0.0502 /kWh	R	3,187,921.38
SERVICE CHARGE	R	0.01
TOTAL CHARGES	R	**159,649,947.82**

MSUNDUZI MUNICIPALITY FINANCE 2025 -09- 09





PAGE RUN NO	EE 2
BILL GROUP	0145868860
BILL PAGE	2 OF 3

Eskom

EASTERN REGION
PRIVATE BAG X16 Westville 3630

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

YOUR ACCOUNT NO	9455522022
BILLING DATE	2025-09-03
TAX INVOICE NO	945213071560
ACCOUNT MONTH	AUGUST 2025
CURRENT DUE DATE	2025-10-03
VAT REG NO	4600107833
NOTIFIED MAX DEMAND	180,000.00
UTILISED CAPACITY	180,000.00

MSUNDUZI MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PO BOX 399
PIETERMARITZBURG
3200

CONSUMPTION DETAILS (2025-08-01 - 2025-08-31)

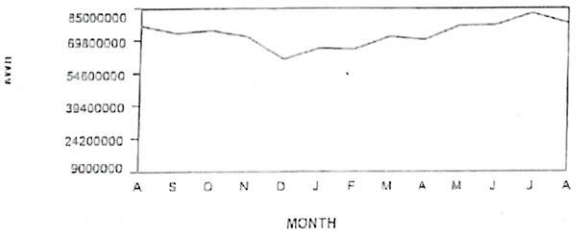
ENERGY CONSUMPTION OFF PEAK kWH	32,071,741.20
ENERGY CONSUMPTION STD kWh	32,133,736.80
ENERGY CONSUMPTION PEAK kWh	13,962,438.06
ENERGY CONSUMPTION ALL kWh	78,167,916.06
DEMAND CONSUMPTION - OFF PEAK	133,385.85
DEMAND CONSUMPTION - STD	153,049.73
DEMAND CONSUMPTION - PEAK	163,944.05
DEMAND READING - KW/KVA	163,944.05
REACTIVE ENERGY - OFF PEAK	2,424,583.20
REACTIVE ENERGY - STD	5,365,101.60
REACTIVE ENERGY - PEAK	2,366,859.60
EXCESS REACTIVE ENERGY	78,167,916.06

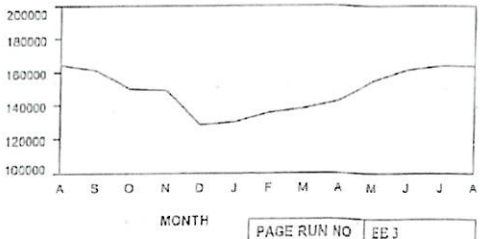
PREMISE ID NUMBER 9455522227 **TARIFF NAME:** Municflex

06808 65 145 MVA INTERVAL 132KV MERSEY MSUNDUZI

Administration Charge @ R19.67 per day for 31 days	R	609.77
TX Network Capacity Charge 180,000 kVa @ R9.60 : = R9.60/kVA	R	1,728,000.00
Network Capacity Charge 180,000 kVA @ R16.24 : = R16.24/kVA	R	2,923,200.00
Network Demand Charge 163,944.05 kVA @ R9.60 : = R9.60 /kVA	R	1,573,862.88
Urban Low Voltage Subsidy 180,000 kVa @ R2.23 : = R2.23/kVA	R	401,400.00
Ancillary Service Charge 78,167,916 kWh @ R0.0037 /kWh	R	289,221.29
Generator Capacity Charge 180,000 kVa @ R6.46 : = R6.46/kVA	R	1,162,800.00
Legacy Charge 78,167,916.06 kWh @ R0.2093 /kWh	R	16,360,544.83
High Season Off Peak Energy Charge 32,071,741 kWh @ R1.0581 /kWh	R	33,935,109.15
High Season Peak Energy Charge 13,962,438 kWh @ R6.3486 /kWh	R	88,641,933.89
High Season Standard Energy Charge 32,133,737 kWh @ R1.5872 /kWh	R	51,002,687.37
Service Charge @ R1,135.92 per day for 31 days	R	35,213.52
Electrification and Rural Subsidy 78,167,916 kWh @ R0.0502 /kWh	R	3,924,029.38
TOTAL CHARGES	R	**201,978,592.03**

MSUNDUZI MUNICIPALITY
FINANCE - RECEIVED
2025 -09- 0 9





PAGE RUN NO	EE 3
BILL GROUP	0145868860
BILL PAGE	3 OF 3

ii) Indicated below is the municipality's proof of payment of the Eskom Bulk current account.

Below is proof of payment for Eskom. The municipality has paid an amount of R 550 million.

NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received:

Date Actioned	: 2025/09/02
Time Actioned	: 11:41:17
Trace ID	: Y2V39Y3N

Payer Details

Payment From	: THE MSUNDUZI MUNICIPALITY
Cur/Amount	: 100,000,000.00

Payee Details

Recipient/Account No	: . . 143295
Name	: Eskom Holdings
Bank	: FNB/RMB
Branch Code	: 255005
Reference	: RN040925F11001

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

First National Bank A division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20)

NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received:

Date Actioned	: 2025/09/12
Time Actioned	: 15:45:13
Trace ID	: DRDB5B5N

Payer Details

Payment From	: THE MSUNDUZI MUNICIPALITY
Cur/Amount	: 20,000,000.00

Payee Details

Recipient/Account No	: . . 143295
Name	: Eskom Holdings
Bank	: FNB/RMB
Branch Code	: 255005
Reference	: RN280925F11001

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

First National Bank A division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received:

Date Actioned	: 2025/09/19
Time Actioned	: 15:23:03
Trace ID	: FJF7X55N

Payer Details

Payment From	: THE MSUNDUZI MUNICIPALITY
Cur/Amount	: 100,000,000.00

Payee Details

Recipient/Account No	: . . 143295
Name	: Eskom Holdings
Bank	: FNB/RMB
Branch Code	: 255005
Reference	: RN380925F11001

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

First National Bank A division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received:

Date Actioned	: 2025/09/30
Time Actioned	: 15:18:14
Trace ID	: HM64VM7N

Payer Details

Payment From	: THE MSUNDUZI MUNICIPALITY
Cur/Amount	: 330,000,000.00

Payee Details

Recipient/Account No	: . . 143295
Name	: Eskom Holdings
Bank	: FNB/RMB
Branch Code	: 255005
Reference	: RN470925F11001

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

First National Bank A division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

iii) Below is Eskom September reconciliation

	Msunduzi Municipality
	Creditors reconciliation
Date	30.09.2025
Financial Year	2025/2026
Prepared by	MANISHA NAIDOO
Vendor name	ESKOM HOLDINGS
Statement	Sep-25
GL ACCOUNT	1600000000

BALANCE AS PER VENDOR STATEMENT	1,686,018,611.46
Less : Payments made to supplier but not reflected on vendor statement	(470,797,404.79)

Date	Payment Reference number	Amount
19.09.2025		100,000,000.00
30.09.2025		330,000,000.00
12.09.2025		20,000,000.00
29.08.2025		20,797,404.79

Less : Invoices that appear on vendor statement but not captured on SAP system	0.00

Date	Invoice number	Amount

Less : Credit note/s submitted and captured but not reflected on vendor statement	0.00

Date	Credit Note number	Amount

Add : Invoices submitted and captured on SAP system but not reflected on vendor statement	305,654.85

Date	Invoice	Amount
	AS PER ATTACHED	305,654.85

Add / Less : Other (eg. Unallocated payment; adjustments reflected on vendor statement)	756,285,877.64

Date	Decription	Amount
	INTEREST	(33,940,228.08)
	WHEELING CHARGES	
	ACCRUAL FOR SEP 25 INVOICE	415,872,820.88
	BALANCE OF PAYMENT ARRANGEMENT	374,353,284.84
	RE-CLASS OF DEBT - CURRENT TO NON CURRENT	
	REVERSAL OF RECLASS OF DEBT CURRNT TO NON CURRENT	

BALANCE INPUT CALCULATED BY PERFORMING THE RECONCILIATION	1,971,812,739.16
BALANCE AS PER CREDITORS LEDGER/AGE ANALYSIS	1,971,812,739.16
DIFFERENCE	0.00

Siganture by preparer: MANISHA NAIDOO

Date: 8-Oct-25

Checked by: Supervisor

Date : 8-Oct-25

Comments

Checked by: Creditors manager 08/10/25

Date :

Comments

iv) Below is the invoice for Umngeni

UMNGENI-UTHUKELA WATER AMANZI

Improving Quality of Life and Enhancing Sustainable Economic Development

STATEMENT OF ACCOUNTS

MSUNDUZI MUNICIPALITY
3RD FLOOR, PROFESSOR NYEMBEZI CENTRE
CHURCH STREET 341
PIETERMARITZBURG
3200

VAT Registration No.	4960102673
Physical Address	310 Burger Street Pietermaritzburg 3201
Postal Address	P.O. Box 9 Pietermaritzburg 3200
Contact Person	Mfundo Buthelezi
Phone	0333411199
Fax	0333411292
Email	customerservices@umgeni.co.za
Website	www.umgeni.co.za

VAT Registration No.	4600107835
Business Partner Number	6001664
Statement Date	30/09/2025
Statement No:	73093

Contract Account Number	Documents Numbers	Description	Consumption volume(Kl)	Tariff(R)	Amount(R)
				BALANCE B/F	**1 067 604 241,90**
				RECEIPTS	**57 000 000,00-**
				DEBITS	**0,00**
				CREDITS	**0,00**
				BALANCE	**1 010 604 241,90**
10012020	000300059389	Water	30 584	11,1770	341 837,37
10012020	000300059389	MBWS	30 584	0,2240	6 850,81
10012020	000300059389	WRC	30 584	0,0808	2 471,19
10012020	000300059389	CUC	30 584	0,0000	0,00
10016001	000300059390	Water	3 647 531	11,1770	40 768 453,99
10016001	000300059390	MBWS	3 647 531	0,2240	817 046,93
10016001	000300059390	WRC	3 647 531	0,0808	294 720,50
10016001	000300059390	CUC	3 647 531	0,0000	0,00
10016005	000300059391	Water	1 417 004	11,1770	15 837 853,71
10016005	000300059391	MBWS	1 417 004	0,2240	317 408,89
10016005	000300059391	WRC	1 417 004	0,0808	114 493,92
10016005	000300059391	CUC	1 417 004	0,0000	0,00
11000276	000300059393	Water	107 252	11,1770	1 198 755,60
11000276	000300059393	MBWS	107 252	0,2240	24 024,45
11000276	000300059393	WRC	107 252	0,0808	8 665,96

11000276	000300059393	CUC	107 252	0,0000	0,00
11038956	000300059394	Water	270 436	11,1770	3 022 663,17
11038956	000300059394	MBWS	270 436	0,2240	60 577,66
11038956	000300059394	WRC	270 436	0,0808	21 851,23
11038956	000300059394	CUC	270 436	0,0000	0,00
11038957	000300059395	Water	68 430	11,1770	764 842,11
11038957	000300059395	MBWS	68 430	0,2240	15 328,32
11038957	000300059395	WRC	68 430	0,0808	5 529,14
11038957	000300059395	CUC	68 430	0,0000	0,00
11038958	000300059396	Water	135 573	11,1770	1 515 299,43
11038958	000300059396	MBWS	135 573	0,2240	30 368,35
11038958	000300059396	WRC	135 573	0,0808	10 954,30
11038958	000300059396	CUC	135 573	0,0000	0,00
11043131	000300059398	Water	234 050	11,1770	2 615 976,85
11043131	000300059398	MBWS	234 050	0,2240	52 427,20
11043131	000300059398	WRC	234 050	0,0808	18 911,24
11043131	000300059398	CUC	234 050	0,0000	0,00
11043132	000300059399	Water	13 375	11,1770	149 492,38
11043132	000300059399	MBWS	13 375	0,2240	2 996,00
11043132	000300059399	WRC	13 375	0,0808	1 080,70
11043132	000300059399	CUC	13 375	0,0000	0,00
11043133	000300059400	Water	5 455	11,1770	60 970,54
11043133	000300059400	MBWS	5 455	0,2240	1 221,92
11043133	000300059400	WRC	5 455	0,0808	440,76
11043133	000300059400	CUC	5 455	0,0000	0,00
11043389	000300059401	Water	4 457	11,1770	49 815,89
11043389	000300059401	MBWS	4 457	0,2240	998,37
11043389	000300059401	WRC	4 457	0,0808	360,13
11043389	000300059401	CUC	4 457	0,0000	0,00
11043390	000300059402	Water	17 653	11,1770	197 307,58
11043390	000300059402	MBWS	17 653	0,2240	3 954,27
11043390	000300059402	WRC	17 653	0,0808	1 426,36
11043390	000300059402	CUC	17 653	0,0000	0,00
11043391	000300059403	Water	1 475	11,1770	16 486,08
11043391	000300059403	MBWS	1 475	0,2240	330,40
11043391	000300059403	WRC	1 475	0,0808	119,18
11043391	000300059403	CUC	1 475	0,0000	0,00
11043392	000300059404	Water	53 262	11,1770	595 309,37

UMNGENI-UTHUKELA WATER · AMANZI

Improving Quality of Life and Enhancing Sustainable Economic Development

11043392	000300059404	MBWS	53 262	0,2240	11 930,69
11043392	000300059404	WRC	53 262	0,0808	4 303,57
11043392	000300059404	CUC	53 262	0,0000	0,00
11043393	000300059405	Water	39 447	11,1770	440 899,12
11043393	000300059405	MBWS	39 447	0,2240	8 836,13
11043393	000300059405	WRC	39 447	0,0808	3 187,32
11043393	000300059405	CUC	39 447	0,0000	0,00
11044382	000300059406	Water	19 603	11,1770	219 102,73
11044382	000300059406	MBWS	19 603	0,2240	4 391,07
11044382	000300059406	WRC	19 603	0,0808	1 583,92
11044382	000300059406	CUC	19 603	0,0000	0,00
11047712	000300059407	Water	310 579	11,1770	3 471 341,48
11047712	000300059407	MBWS	310 579	0,2240	69 569,70
11047712	000300059407	WRC	310 579	0,0808	25 094,78
11047712	000300059407	CUC	310 579	0,0000	0,00
11048242	000300059408	Water	2 410	11,1770	26 936,57
11048242	000300059408	MBWS	2 410	0,2240	539,84
11048242	000300059408	WRC	2 410	0,0808	194,73
11048242	000300059408	CUC	2 410	0,0000	0,00
11050505	000300059409	Water	374 060	11,1770	4 180 868,62
11050505	000300059409	MBWS	374 060	0,2240	83 789,44
11050505	000300059409	WRC	374 060	0,0808	30 224,05
11050505	000300059409	CUC	374 060	0,0000	0,00

Sub Total		**R**	**79 698 617,61**
Total Sales - Water	**6 752 636**	**R**	**75 474 212,59**
Total - Capital Unit Charge	**6 752 636**	**R**	**0,00**
Total - MBWS	**6 752 636**	**R**	**1 512 590,44**
SUB Total (Vatable)		**R**	**76 986 803,03**
VAT		**R**	**11 548 020,45**
Total - WRC Levy (Exempt VAT)	**6 752 636**	**R**	**545 612,98**
Total - Interest		**R**	**2 166 201,60**
CURRENT DUE		**R**	**91 246 638,06**

	ARREARS				
CURRENT(R)	**30 Days(R)**	**60 Days(R)**	**90Days(R)**	**120+Days(R)**	**Total Due(R)**
108 395 098,48	**109 234 739,77**	**30 923 963,91**	**30 704 461,21**	**839 741 077,01**	**1 118 999 340,38**

v) Below is proof of payment for Umgeni

The municipality has paid an amount of R57 million to Umngeni. The proof of payment was uploaded in August as the payment was made on the 2nd of September 2025.

NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received:

Date Actioned	: 2025/09/02
Time Actioned	: 11:41:16
Trace ID	: TGT39Y3N

Payer Details

Payment From	: The Msunduzi Municipality
Cur/Amount	: 57,000,000.00

Payee Details

Recipient/Account No	: . . 366594
Name	: umgeni water
Bank	: Nedbank Limited
Branch Code	: 198765
Reference	: RN030925F11001

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

First National Bank A division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

vi) Below is August reconciliation for Umgeni

	Msunduzi Municipality
	Creditors reconciliation
Date	30.09.2025
Financial Year	2025/2026
Prepared by	SIYABONGA NDLOVU
Vendor name	UMNGENI WATER
Vendor number	1600010000

BALANCE AS PER VENDOR STATEMENT	1 205 303 904,59
Less : Payments made to supplier but not reflected on vendor statement	

Date	Payment Reference number	Amount

Less : Invoices that appear on vendor statement but not captured on SAP system	0,00

Date	Invoice number	Amount

Less : Credit note/s submitted and captured but not reflected on vendor statement	2 157 601,17

Date	Credit Note number	Amount
	attached	-2 157 601,17

Add : Invoices submitted and captured on SAP system but not reflected on vendor statement	0,00

Date	Invoice	Amount

Add / Less : Other (eg. Unallocated payment; adjustments reflected on vendor statement)	-5 452 405,61

Date	Decription	Amount
	DIFFERENCE DUE TO SEPTMBER ACCRUAL	732 453,08
	INTEREST CHARGED	-6 184 858,69

BALANCE INPUT CALCULATED BY PERFORMING THE RECONCILIATION	1 202 009 100,15
BALANCE AS PER CREDITORS LEDGER/AGE ANALYSIS	1 202 009 100,15
DIFFERENCE	0,00

Siganture by preparer:

DATE :06.10.2025

Checked by: Supervisor 10 7/10/25

DATE :06.10.2025

Comments

Checked by: Creditors manager 8/10/25

DATE :07.10.2025

Comments

2.8.7 Municipal Debt Relief monitoring Plan – Progress Report

MFMA Circular Reference and Focus Areas	Eskom Debt Relief Conditions	Reporting Frequency / Target Dates	Target / Portfolio of Evidence	Reporting period - June 2024 Comments
6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month's consumption)	**6.3.1** The municipality must monthly pay and maintain its **Eskom bulk current account** and **bulk water current account - Umngeni**, within 30 days of receiving the relevant invoice	Monthly, within 30 days of receiving invoice on or before due date as per the monthly invoice	Proof of payment (which includes, remittance advice, invoice and extract of corresponding bank statement)	**Compliant - Umngeni** The municipality paid Umngeni R 57 million for the month of September2025. **Compliant – Eskom** The Municipality has paid and amount of R550 million to Eskom in the month of September. The municipality also received a write off approval of the 1/3 of the debt.
6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month's consumption)	**6.3.2** Submit the supporting evidence of the bulk Eskom current account payment to the National Treasury, Eskom and Umngeni, within 1 day of making any such payment	Within 1 day after making payment	Proof of payment and proof of email submission	**Compliant** Email was sent within one day of payment to ESKOM **Compliant** The municipality has paid Umngeni for the month of September to meet the payment arrangement.
6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month's consumption)	6.3.3 Submit the proof of payment to the National Treasury in PDF format via the GoMuni Upload Portal to substantiate that payment was made.	Monthly, within 10 working days after month end	GoMuni Status of Schedule of Revenue Documents Submissions Report	**Compliant** Proof of Payments made in Septembert2025 was uploaded onto GoMuni

6.3 Maintaining the Eskom and Water bulk current account – (current account for the purpose of this exercise means the account for a single month's consumption)	**6.3.4** - The amount as per the proof of payment must reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom and DWS	Monthly, within 10 working days after month end	Monthly financial data strings	**Compliant** Transactions as per the ledger reconciles with the monthly datastrings. However minor account payments for Eskom and Umngeni are posted to the same bulk control votes. Disclosure issue - the capturing of the current invoice on the system is problematic because it is only received in the new month and captured after month-end closure, resulting in a misalignment between the YTD actual and outstanding creditor amount
6.6 Electricity and Water Collection (*Demonstration through by-laws and budget related policies)*	**6.6.1** Issue monthly billing and allocate payment received from customers in the following priority order: (1) Property Rates (2) Water (3) Waste Water (4) Refuse Removal and (5) Electricity	Monthly	Monthly billing reconciliation / Financial system generated hierachy allocation report	**Compliant** Priority of order of allocations was correct on the system.
6.6 Electricity and Water Collection (*Demonstration through by-laws and budget related policies)*	**6.6.2** The municipality is disconnecting electricity services and/or blocking the purchasing of pre-paid electricity of any defaulting consumer/property owner	Monthly	Number of disconnected / blocked meters	**Compliant** Disconnections = 2911
6.6 Electricity and Water Collection (*Demonstration*	**6.6.3** The municipality is restricting and/or interrupting the supply of	Monthly	Number of restricted / interrupted supply	**Compliant.** Restrictions performed= 10

through by-laws and budget related policies)	water of any defaulting consumer/property owner			
6.6 Electricity and Water Collection (*Demonstration through by-laws and budget related policies)*	**6.6.4** If the defaulting consumer/ property owner is registered as an indigent consumer with the municipality, the monthly supply of electricity and water to that consumer/property owner must be physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively.	Monthly	No of indigent consumers	**Non-compliant** Due to the financial constraints currently faced by many of our Indigent Customers (inability to afford services) we have not implemented the limitation of services in this manner.
6.7 Maintain a minimum average quarterly collection of property rates and services charges	**6.7.1** The municipality must strictly enforce its credit control and debt management related policies and achieve a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 August2023 and 85 per cent average quarterly collection with effect from 01 August2024 during any quarter. Although the norm and standard for collection rate	Monthly (Internal) and Quarterly (Debt Relief)	Annexure D	

	according to MFMA Circular No. 71 indicates a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm			
6.7 Maintain a minimum average quarterly collection of property rates and services charges	**6.7.2** If the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality must demonstrate to the satisfaction of the National Treasury the reasons or that – 6.7.2.1 Underperformance directly relates to Eskom Supplied areas 6.7.2.2 Physical restriction and/or limit of supply of water is due to Technical Engineering reason(s) 6.7.2.3 The municipality has attempted to enter into SLA with Eskom for Eskom Supplied Areas and document reason(s) for failure	Quarterly	Monthly S71 Revenue Collection Ward Template	
6.8 Completeness of the revenue base	**6.8.1 The municipality must demonstrate by**	Quarterly	GRV REPORT	N/A

	completing the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer and demonstrate the steps taken to correct the variances identified; and			
6.8 Completeness of the revenue base	**6.8.2 The municipality must submit its completed billing system, GVR and/ or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury**	Quarterly	GRV REPORT	
6.9 Monitor and report on implementation	**6.9.1 MFMA section 71 reporting** – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget?	Monthly, within 10 working days after month end	Progress report to be included in Monthly S71 Report	**Compliant** Report included in the monthly S71 report for September 2025
6.9 Monitor and report on	**6.9.2** If progress is slow in terms of	Monthly, within 10	Progress report to be included in	**Compliant**

implementation	paragraph 6.9.1, is the **active intervention evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?	working days after month end	Monthly S71 Report	Report included in the monthly S71 report for September 2025
6.9 Monitor and report on implementation	**6.9.3 Municipalities with financial recovery plans (FRP)** – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, it must monthly report its progress in implementing its FRP to the Provincial Executive			
6.10 Provincial Treasury's Certification of municipal compliance	**6.10 Provincial Treasury certification of municipal compliance** – in terms of section 5 and 74 of the MFMA to performed by the relevant PT			
	Executive Management Team (EMT) to review the National Treasury: Local Government Budget Analysis (NT: LGBA) compliance certification	Monthly, within 1 days after issue	NT: LGBA Compliance Certification	The municipality received the compliance certificates for August 2025. Management must take remedial actions as per the recommendations made by National Treasury

	for the prior month and take immediate remedial action			
6.12 The municipality for the duration of the Municipal Debt Relief (to ensure proper management of resources)	**6.12.1** Open a separate investment account to serve as a sub-account			
6.12 The municipality for the duration of the Municipal Debt Relief (to ensure proper management of resources)	**6.12.1** must apportion and ring-fence in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation			
6.12 The municipality for the duration of the Municipal Debt Relief (to ensure proper management of resources)	**6.12.2** must monthly first apply the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then sixthly its bulk water current account before it Augustapply the	Monthly		The ESKOM and Umngeni accounts were paid directly from the Primary bank account. Municipality has a backlog in terms of built-up reserves. Salaries and third party salary payments including commitments to other creditors make this requirement difficult to maintain.

	revenue in the sub-account for any other purpose.			
6.12 The municipality for the duration of the Municipal Debt Relief (to ensure proper management of resources)	The municipality monthly submit a copy of the bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue	Monthly, within 10 working days after month end	Bank statement and proof of payment aligned to actual receipts	**Compliant** Investment account statement no longer required in terms of Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124. Primary bank account statement is uploaded on GoMuni. Payments made directly from Primary bank account.

2.9 Recommendations

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

1. The compliance emanating from the municipality's debt relief self-assessment and overall performance since 1 November 2023, as well as the National Treasury's independent assessment set out. Please refer to the compliance report and compliance certificate for August 2025.
2. The following remedial actions necessary and / or undertaken to improve the municipality's monthly compliance in terms of the Debt Relief Conditions:

    - Monthly settle the current accounts for Umngeni and ESKOM.
    - Ensure that bulk invoices are captured timeously on the system, prior to month-end closure.
    - Achieving the desired collection rate of 95% and application of the Credit Control Policy.
    - Restricting or interrupting of water supply of defaulting customers and indigents.
    - Improving on indigent management, especially considering the audit findings raised.
    - Installation of smart prepaid meters. The involvement of Engineers for Water and Electricity is critically needed in this regard.
    - Debtors Management to do an assessment of actual debt owed and the number of registered indigents compared to total number of households.
    - Ring-fencing actual cash received for Electricity and Water in order pay for Eskom & Umngeni accounts.

2.10 Municipal Manager's Quality's Certification

Quality Certificate

I, **Mr SF. Mndebele**, the municipal manager of **MSUNDUZI LOCAL MUNICIPALITY,** hereby certify that –

- the monthly budget statement

For the month of **SEPTEMBER 2025 SECTION 71/52D** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **MR SIMON FELANI MNDEBELE**
Municipal manager of: **MSUNDUZI MUNICIPALITY**
Signature: ______________________
Date: ______________________

>>>

Acknowledgement of receipt

Report in terms of Section 71/52D of MFMA

Received on behalf of Mayor: Nontokozo Mazibuko
Name & Surname

Signature: ______________________

Date of receipt: 14/10/2025

The Mayor
The Msunduzi Municipality
2025 -10- 14
City Hall
Pietermaritzburg

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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

Mr Felani Mndebele
Municipal Manager
Msunduzi Municipality
P O Box 321
PIETERMARITZBURG
3200

Email: Sadesh.ramjathan@treasury.gov.za; felani.mndebele@msunduzi.gov.za

Dear Mr Ramjathan and Msunduzi Municipality

MFMA CIRCULAR NO.124 – NATIONAL TREASURY'S MUNICIPAL DEBT RELIEF COMPLIANCE CERTIFICATE OF KZN225 MSUNDUZI MUNICIPALITY DURING AUGUST 2025

The August 2025 compliance assessment of Msunduzi Municipality under the Municipal Debt Relief Programme (MDRP), as outlined in MFMA Circular No. 124, confirms an overall compliance rate of 80 per cent but underscores significant and ongoing financial governance challenges. The municipality has adopted a funded budget for the 2025/2026 financial year and achieved partial compliance with mandatory financial reporting through the municipal Standard Chart of Accounts (*m*SCOA).

There are re-active, or some degree of remedial action instituted but continuous non-compliance and weaknesses remain. In this regard, the municipality has established a formal payment arrangement with Eskom to manage its bulk accounts, however, the municipality continues to make part payment of monthly current account and accumulating a new debt for the second cycle of the debt relief arrangement. This liability undermines relations with a key service provider and places the municipality at risk of disqualification from the MDRP, threatening access to the vital debt write-offs and financial support.

Revenue management and cost recovery remain areas of significant concern. The absence of cost-reflective tariffs limits the municipality's ability to cover operational costs, maintain infrastructure, and service debt obligations. In this regard, the refresher training was conducted with the municipality's trading services team to complete the omitted tariff tool in order to comply with the condition. The municipality's revenue collection performance is inconsistent, resulting in cash flow challenges that hinders proper financial planning. Without urgent improvement, these weaknesses will continue to erode financial stability and credibility.

The municipality is urged to implement the targeted turnaround strategy in order to secure compliance and financial recovery under the MDRP. This includes strict adherence to the Eskom payment plan, full reconciliation of the General Valuation roll with the Municipal Financial System, strengthening revenue collection mechanisms, and formalising indigent verification processes. The management must pro-actively provide monthly progress reports to oversight bodies, persistent non-compliance will trigger intervention measures and jeopardising the municipality's access to the debt relief benefits which will affect its long-term financial resilience.

- **Condition 6.1 – Municipality non-compliance**

In line with the Eskom Municipal Debt Relief Programme (EMDRP), the National Treasury through MFMA Circular No. 124 - has established a comprehensive framework of mandatory compliance conditions (Sections 6.1 to 6.14) that all participating municipalities must comply with to remain eligible for the debt relief, with the focus on the second cycle of the programme.

The attached performance scorecard provides a detailed assessment of Msunduzi Municipality's compliance status for the 2025/2026 financial year. The overall performance has been uneven, particularly during the winter period. The implementation of Eskom's seasonal winter tariffs placed considerable pressure on revenue collection and further constrained the municipality's already fragile cash flow. As a result, Msunduzi has been classified in the "red zone" and a standard breach of the conditions due to its failure to fully settle its current Eskom account and Umgeni account.

The first debt write-off, equivalent to one-third of its historical Eskom arrears was approved, which provides temporary financial relief, but second cycle and future tranches remain conditional on strict adherence to the EMDRP. The National Treasury will remain committed to support and enforce strict compliance conditions as predetermined through the programme. In addition, Msunduzi requires decisive leadership, strengthened operational discipline, and urgent corrective action. The municipality will only retain its eligibility within the programme through consistent and measurable performance in order to unlock the benefits of future debt relief.

KZN225 Msunduzi Municipality's compliance certificate for the month under review, August 2025:

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

Province		
KZN		
Code	District	Code Description
KZN225	uMgungundlovu	Msunduzi

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF				
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11
25.July25	Msunduzi	KZN225	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A
26.August25	Msunduzi	KZN225	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A
27.September25	Msunduzi	KZN225											
28.October25	Msunduzi	KZN225											
29.November25	Msunduzi	KZN225											
30.December25	Msunduzi	KZN225											
31.January26	Msunduzi	KZN225											
32.February26	Msunduzi	KZN225											
33.March26	Msunduzi	KZN225											
34.April26	Msunduzi	KZN225											
35.May26	Msunduzi	KZN225											
36.June26	Msunduzi	KZN225											
37.July26	Msunduzi	KZN225											
38.August26	Msunduzi	KZN225											
39.September26	Msunduzi	KZN225											
40.October26	Msunduzi	KZN225											
41.November26	Msunduzi	KZN225											

Month	Part C: FRP/BFP & Tariff Assessment			Part D: Electricity and water as collection tools				Part C: Quarterly collection of property rates and services charges						
Month	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25
25.July25	N/A	Yes	Yes	No	Yes	No	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes
26.August25	N/A	Yes	No	Yes	Yes	Yes	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes
27.September25														
28.October25														
29.November25														
30.December25														
31.January26														
32.February26														
33.March26														
34.April26														
35.May26														
36.June26														
37.July26														
38.August26														
39.September26														
40.October26														
41.November26														

Month	Maximization of Revenue Base			Part E: Oversight													Scoring and Rating	
Month	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	No	No	Yes	Yes	N/A	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	[illegible]	[illegible]
26.August25	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No	[illegible]	[illegible]
27.September25																	0%	Not completed
28.October25																	0%	Not completed
29.November25																	0%	Not completed
30.December25																	0%	Not completed
31.January26																	0%	Not completed
32.February26																	0%	Not completed
33.March26																	0%	Not completed
34.April26																	0%	Not completed
35.May26																	0%	Not completed
36.June26																	0%	Not completed
37.July26																	0%	Not completed
38.August26																	0%	Not completed
39.September26																	0%	Not completed
40.October26																	0%	Not completed
41.November26																	0%	Not completed

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

The Municipal Council endorsed the participation to the EMDRP and the municipality adopted a proactive, solutions-oriented approach, implementing a series of targeted corrective measures in alignment with National Treasury EMDRP requirements. Through the structured remediation, Msunduzi has demonstrated progress in addressing past shortcomings while also enhancing its institutional capacity. These progressive improvements have bolstered confidence in the municipality's ability to partially meet its payment arrangement obligations.

As a result of these demonstrated efforts, the National Treasury has granted final approval for Msunduzi's participation in the programme. This approval affirms the municipality's reform progress and underscores the effectiveness of its corrective actions, particularly the approval the first cycle of 1/3 debt relief.

- **Condition 6.3 – Maintaining the Eskom current account**

In August 2025, Msunduzi Municipality continued its participation in the EMDRP under MFMA Circular No. 124, recording measurable progress in selected areas while still facing critical challenges that require urgent attention.

For the month under review, the municipality paid R200 million towards the current account and R20.8 million towards the payment arrangement. However, the current account billing was R434.3 million which reflect the short payment that have also been observed in the prior months. The new accumulated outstanding debt balance is high at R549 million, exclusive of R254 million of debt relief ring-fenced debt and R416 million of the payment agreement debt. This shortfall underscores ongoing financial constraints and highlights the municipality's inability to fully meet the terms of its debt relief agreement. Unless consistent and complete payments are made, the risk of arrears accumulation and potential disqualification from future debt relief benefits will intensify. Immediate corrective measures are required to restore adherence to the payment plan and strengthen overall compliance with the EMDRP. Furthermore, Msunduzi Municipality remains engaged with its repayment obligations to both Eskom and Umgeni Water. In August 2025, a payment of R237 million was made to Umgeni, demonstrating a degree of commitment to meeting service provider obligations.

- **Condition 6.4 – A funded MTREF**

The municipality submitted the second in-year assessment (Section 71 report) of the adopted 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF). National Treasury has confirmed that the municipality's adopted budget is funded. This funded status is supported by projected operating surpluses across the MTREF period. However, the August results highlight both encouraging progress and material risks which, if not addressed, could undermine the municipality's financial sustainability and compliance with the EMDRP, especially the Eskom debt that is spiralling out of control.

The municipality's Section 71 report for August indicate that it has realised operating surplus, despite underperforming on most service charges against the set budget projection. Furthermore, the bulk purchases overspent against the projection, reflecting challenges with the credibility and accuracy of projections. The sustainability of Msunduzi's funded budget is heavily reliant on its ability to improve debt

collection, strengthen credit control, and implement cost containment measures, while meeting the bulk service provider obligations.

- **Condition 6.5 – Cost reflective tariffs**

The National Treasury tariff tool, which serves as a critical benchmark for assessing the credibility and accuracy of municipal tariff structures, has not been uploaded on the GoMUNI portal by the Municipality. This omission represents a serious compliance gap, as the tool is an essential instrument for verifying whether the tariffs adopted by the municipality are both cost-reflective and aligned with the funding requirements of the 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF). In this regard NT has engaged and provided training to the municipality's trading services team on the tariff tool in order to complete and submit it as a matter of urgency. The team was advised to engage with the budget office to correct the gaps that were identified while populating the tool and subsequently be involved in the budget preparation processes in order to integrate their inputs regarding the cost reflective tariffs. Because the omission of the tariff tool undermines the ability of National Treasury to confirm whether projected revenues from service charges and property rates are realistic, sustainable, and sufficient to cover the cost of service delivery, especially with expenditure aligned to the revenue raised and collected. In practice, this creates a risk that the budget may be deemed funded on paper but may not withstand actual implementation pressures, particularly in the context of bulk purchase obligations and rising operating costs.

- **Condition 6.6 – Electricity and water as collection tools**

Condition 6.6 of the EMDRP emphasises the importance of effective credit control as a cornerstone of sustainable municipal revenue management. It requires municipalities to put in place clear and enforceable practices to ensure that consumers and property owners pay for the services they receive. The intention is to strengthen financial discipline by standardising billing processes, applying restrictions or disconnections for non-payment, and ensuring that indigent households are managed within the framework of free basic services. This condition balances the need for revenue protection with the municipality's responsibility to provide a minimum level of support to vulnerable communities.

The municipality does not have mechanisms to restrict or interrupt the supply of water to defaulting consumers, particularly to Eskom supply areas property owners. In terms of the compliance condition, water restrictions or water shedding must be applied in collaboration with municipal engineers. By not enforcing water restrictions, the municipality leaves a significant gap in its credit control measures, as non-paying consumers continue to access full water services without consequence and are funded as the free basic services. This weakens overall revenue collection efforts, reduces the effectiveness of the debt relief programme, and unfairly shifts the financial burden to compliant customers.

For households that are formally registered as indigent, the municipality restricts the supply of electricity and water to free basic service limits of 70 kilowatts of electricity and 6 kilolitres of water per month. This demonstrates partial compliance with debt relief conditions and reflects an effort to protect vulnerable households while limiting consumption beyond subsidised thresholds.

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- **Conditions 6.7 – Maintain a minimum average quarterly collection of property rates and services charges**

The collection rate for the month under review in terms of Annexure D, reflects an average collection rate of 91 per cent. In this regard, property rates have achieved 88 per collection rate. While electricity realised 103 per cent, exceeded billing by 3 per cent, indicating that arrears from prior months were partially recovered. This strong over-performance highlights the effectiveness of credit control measures such as prepaid restrictions and disconnections, which drive payment discipline. Electricity continues to represent the municipality's single largest and most reliable source of income, providing essential cash flow to support operations. Water collections were satisfactory at 74 per cent despite water traditionally being a difficult revenue stream to collect, given consumer resistance, Eskom supplied areas and technical losses in supply systems. Refuse and waste-water revenue collection is reported at average of 79 per cent and this reflects a systemic challenge in persuading consumers to prioritise payment for this trading service. The under recovery poses a risk to sustainable funding for waste and sanitation management operations. The municipality may need to improve the visibility and reliability of refuse services, as well as enforce stricter payment conditions by linking accounts to prepaid electricity systems where permissible.

- **Condition 6.8 – Completeness of the revenue base**

Property Rates Reconciliation

Province	KZN
District	Msunduzi
Type	LM
Municipal Name	Msunduzi
GV Period	01/07/2020 - 30/06/2025
Financial Year	2024/2025
Reconciliation Period	Quarter 4

Reconciliation Overview

High Level Reconciliation

	No. of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	71307	71282	25	56 992 830 021,00	56 967 705 821,00	25 124 200,00
Industrial	1151	1151	0	5 161 325 611,00	5 163 725 611,00	- 2 400 000,00
Business and Commercial	3381	3362	19	19 227 389 059,00	19 160 870 829,00	66 518 230,00
Agricultural	162	162	0	706 155 000,00	706 155 000,00	-
Mining	3	3	0	24 716 000,00	24 716 000,00	-
State Owned for Public Pur	441	443	-2	5 628 619 000,00	5 596 626 000,00	31 993 000,00
PSI	120	126	-6	100 249 000,00	100 284 000,00	- 35 000,00
PBO	122	122	0	1 056 781 000,00	1 056 781 000,00	-
Multi Use	37	38	-1	1 186 770,00	-	1 186 770,00
Vacant	5207	5171	36	1 840 467 709,00	1 845 102 909,00	- 4 635 200,00
POW	0	0	0	-	-	-
Municipal	9358	9506	-148	4 209 283 000,00	4 199 801 000,00	9 482 000,00
Other	1132	1880	-748	1 114 413 050,00	1 241 647 050,00	-127 234 000,00
	92421	93246	-825	96 063 415 220,00	96 063 415 220,00	-

Detailed Reconciliation

	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	75 051 198	66 293 697	8 757 501	225 153 593,61	198 881 091,99	26 272 501,62
Industrial	12 129 115	12 135 383	- 6 267	36 387 345,56	36 406 147,92	- 18 802,36
Business and Commercial	45 184 364	45 008 338	176 027	135 553 092,87	135 025 013,34	528 079,53
Agricultural	229 500	227 929	1 571	688 501,13	683 787,18	4 713,95
Mining	58 083	58 083	-	174 247,80	174 247,80	-
State Owned for Public Pur	13 227 255	13 162 207	65 048	39 681 763,95	39 486 619,95	195 144,00
PSI	22 807	39 096	- 16 290	68 419,94	117 289,05	- 48 869,11
PBO	343 454	-	343 454	1 030 361,48	-	1 030 361,48
Multi Use	-	2 557	- 2 557	-	7 670,40	- 7 670,40
Vacant	4 463 134	4 467 927	- 4 793	13 389 402,58	13 403 780,64	- 14 378,06
POW	-	-	-	-	-	-
Municipal	10 242 589	5 046 651	5 195 938	30 727 765,90	15 139 953,00	15 587 812,90
Other	-	562 607	- 562 607	-	1 687 821,27	- 1 687 821,27
Total	R160 951 498,27	R147 004 474,18	R13 947 024,09	482 854 494,81	441 013 422,54	41 841 072,27

This report presents the General Valuation (GV) reconciliation of property rates for Msunduzi Local Municipality for the fourth quarter of the 2024/25 financial year. The reconciliation assesses property categories captured in the General Valuation roll against those reflected in the Municipal Financial System, with the aim of identifying discrepancies in property counts, market values, and billing amounts. The purpose of this exercise is to safeguard the integrity of the valuation roll, strengthen the accuracy of billing, and ensure alignment between property categories and actual revenue outcomes.

- **Condition 6.9 – Monitor and report on compliance**

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

3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of **MFMA Budget Circular 128 (Annexure C).**	Yes
3.6.1	The summary of the municipality's property rates reconciliation was undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 *m*SCOA data strings upload.	Yes
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the mayor and / or Mayoral Committee meeting	Yes

- **Condition 6.10 – National Treasury certification of municipal compliance**

The National Treasury certifies municipal compliance with the Debt Relief Programme through a formalised monthly reporting and verification process. Municipalities are required to submit compliance reports, together with supporting documentation, via the GoMuni Upload Portal. These submissions must include proof of payments to Section 41 creditors such as Eskom and Water Boards, reconciliations of municipal accounts, and confirmation that payments reconcile with both the municipal financial system and creditor statements. This process ensures that all financial transactions are properly recorded and aligned with MFMA Circular No. 124 requirements.

Upon receipt of the submissions, National Treasury reviews the documentation to confirm its accuracy, completeness, and adherence to programme conditions. The certification process not only checks whether payments were made on time but also verifies that payment values match those reflected in the *m*SCOA data strings, creditor invoices, and Section 41 reports. Where compliance is fully demonstrated, National Treasury issues a certification confirming that the municipality remains in good standing for that month, thereby preserving its eligibility for phased debt write-offs and continued technical support.

In cases where discrepancies, delays, or non-compliance are identified, municipalities are required to provide explanations, upload missing documentation, or introduce remedial actions to resolve underlying weaknesses. This approach ensures that debt relief benefits are strictly conditional on proven fiscal discipline, while reinforcing accountability, transparency, and the sustainability of financial management practices across all participating municipalities.

- **Condition 6.11 - Limitation on Municipal borrowing powers**

The EMDRP is the prohibition on new borrowing and the restriction on accumulating additional debt for the duration of the relief period. These measures are intended to instil fiscal discipline by ensuring that municipalities concentrate on reducing existing arrears and rebuilding their financial sustainability. Adhering to these restrictions is not only a condition of participation but also a safeguard to promote responsible

governance and prevent a recurrence of unsustainable debt patterns. The municipality has been consistently complied with the borrowing prohibitions.

It is worth noting that in the 2023/24 financial year, before the debt relief restrictions formally came into effect, the municipality secured loans to fund strategic infrastructure projects, particularly in the electricity and water portfolios. These borrowings were directed at reducing technical and distribution losses, enhancing operational efficiency, and strengthening revenue collection mechanisms. Although outside the current compliance period, these investments aligned with the broader objectives of financial recovery and improved service delivery.

- **Condition 6.12 – Accounting Treatment**

In February 2024, the Office of the Accountant-General within the National Treasury introduced an important policy amendment through the Supplementary Guide to MFMA Circular No. 124. This amendment removed the previous requirement for municipalities to maintain separate bank accounts for debt relief transactions. Instead, municipalities are now required to demonstrate compliance by distinctly recording and reporting these transactions through their monthly *m*SCOA data string submissions. This shift represents a more efficient and streamlined approach to financial management, reducing the administrative burden of managing multiple accounts, while still upholding robust oversight and transparency in the accounting of debt relief funds.

For Msunduzi Municipality, this guidance provides the framework under which all electricity-related revenue and corresponding payments to Eskom must be captured, reconciled, and reported within the *m*SCOA system. Proper alignment between actual collections, creditor payments, and reported data is vital not only for satisfying compliance requirements, but also for ensuring accountability in the handling of revenue from trading services. The Supplementary Guide will serve as the primary reference point for accounting and reporting of the implementation of the municipality's first debt write-off under the relief programme. This means that all transactions linked to the write-off must be transparently tracked and fully integrated into the municipality's monthly *m*SCOA submissions.

- **Condition 13: Proper Allocation and Use of Debt Relief Funds**

By embedding debt relief reporting within the *m*SCOA framework, the National Treasury is able to maintain effective oversight of fund usage without the need for separate banking arrangements. This streamlined approach minimises administrative burden while upholding rigorous financial controls. It also reinforces fiscal discipline by incorporating debt relief tracking into regular financial reporting cycles, ensuring ongoing alignment with national financial policies and regulatory standards. This reporting obligation underscores the importance of strong financial governance and reflects the programme's commitment to transparency, accountability, and compliance in municipal financial management.

- **Condition 6.14 – NERSA Licence**

Participation in the EMDRP comes with a binding obligation for municipalities to adhere to a comprehensive framework of regulatory conditions. These conditions are not optional; they are central to the credibility and success of the programme. Non-compliance carries significant consequences, the most serious being the obligation to submit a formal application to the National Energy Regulator of South Africa (NERSA) for consideration of revoking the municipality's electricity distribution licence in terms of Section 17 of the Electricity Regulation Act, 2006. This legal enforcement mechanism underscores the seriousness with which financial mismanagement is treated, ensuring that municipalities are held accountable for the responsible governance of energy services.

At the same time, full compliance secures the municipality's eligibility for ongoing debt relief support, including phased write-offs and technical assistance from National Treasury. Meeting these conditions demonstrates that the municipality is committed to disciplined financial management and transparent governance, thereby strengthening its institutional credibility. This not only builds confidence with oversight bodies and creditors but also reassures communities that service delivery is underpinned by financial stability and accountability.

High-Level Recommendations

1. Strengthen Eskom payment adherence

Ensure full compliance with the Eskom repayment arrangement by settling current accounts in full each month and reducing arrears to avoid continued breaches and preserve MDRP eligibility.

2. Reconcile General Valuation (GV) and MFS data

Reconcile the General Valuation Roll (GV) with the Municipal Financial System (MFS) monthly to eliminate discrepancies, reduce revenue leakage, and ensure accurate billing across all property categories. Furthermore, follow up on the exception report monthly.

3. Improve cost-reflective tariffs and upload the tariff tool

Following the conducted training and the gaps identified, the trading services department and the budget office team should work collaboratively to populate and submit the tariff toll as a matter of urgency to comply with the conditions.

4. Enforce comprehensive credit control measures

Implement an integrated, consolidated billing system to ensure partial payments are allocated across all services in priority order, while enforcing stronger credit control policies to stop the growth of debtors.

5. Enhance liquidity and cash flow management

The municipality should strengthen daily cash flow forecasting and align spending to actual collections and reduce overspending on bulk purchases. Ensure prudent financial management with enforcement of cost containment measures.

6. Institutionalise transparent compliance reporting

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Political and administrative leadership must submit monthly progress reports to oversight bodies, showing corrective action taken and reinforcing accountability for sustainable financial recovery.

7. Upload all outstanding documents on GoMuni

The municipality must immediately upload all outstanding compliance documents on the GoMuni portal to ensure that National Treasury and other oversight bodies have access to complete, up-to-date records. This is a fundamental compliance requirement and a prerequisite for maintaining programme eligibility.

Regards,

KGOMOTSO BALOYI
DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS
DATE: 29/09/2025

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

Annexures (August 2025 Compliance Certificates)

NATIONAL TREASURY COMPLIANCE CERTIFICATION:

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Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

National Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Aug'25
National Financial Year	2025/26
Demarcation Code of Municipality being assessed	KZN225
District	uMgungundlovu
Demarcation Description	Msunduzi

I, Kgomotso Baloyi, 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				Notes/Comments
	6.3 - 6.12	**Maintaining the Eskom and bulk water current account (current account for the purpose of this exercise means the account for a single month's consumption)**		
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - refer condition 6.12.2	Yes	
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No	
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? 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	No	The municipality continues to pay short payment towards the current account charges and only R200 million has been paid towards current month billing of R434.3 million and R39.8 million towards the payment arrangement. Furthermore, the new accumulated debt is growing monthly and is getting out of control.
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No	
	6.4	**Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)**	2025/26 Funded MTREF	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	Yes	
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (and property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as "No"		
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule(Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as "No"		
11	6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	N/A - the MTREF is funde	
		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.		
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.	N/a	
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (for example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes	
14	6.5	**Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and Item 9.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?**	No	
	6.6	**Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:**		
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners, in terms of which all partial payments received are allocated in the following order of priority, firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	Yes	
18	6.6.4	- if the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.	No	

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	6.6	**Supporting evidence: The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.**	
	6.7	**Maintain a minimum average quarterly collection of property rates and services charges –**	
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter
		Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.	
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :	
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	not yet the end of a quarte
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 quarte
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	not yet the end of a quarte
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes
	6.8	**Municipality's Completeness of the revenue base –**	
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	No
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement	Yes
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	Yes
	6.9	**Monitor and report on implementation –**	
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? Note - condition 6.9.2 has a typing error and must refer to 6.9.1.	6.9.1 = Yes
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	Yes
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes
		Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.	
	6.10	***Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 76 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:***	
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.	Yes
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No

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		Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.		
36	6.11	**Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?**	Yes	
		Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans entered into after the effective date of debt relief approval as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.		
	6.12	**For the duration of the Municipal Debt Relief (to ensure proper management of resources):**		
37	6.12.1	- has the municipality apportioned and ring fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes	
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	No	
		Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).		
39		Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.	Yes	
41	6.14	NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	Yes	
		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 treasury service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's water support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.		

PT: HOD/ NT / MM Name: Kgomotso Baloyi

Signature of HOD/ NT/ MM:

Date: 29/09/2025

**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 Annexure to this Certificate of Compliance*

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