KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for February 2025/26

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 September 2009

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GLOSSARY

Adjustment's budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Approved budget - means an annual budget—

a) approved by a municipal council; or
b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

Budget - The financial plan of the Municipality.

Budget related policy - Policy of a municipality affecting or affected by the budget, examples include the Tariff Policy, Property Rates Policy, Customer Care, Credit Control and Debt Collection Policy etc.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – summarizes the amount of cash and cash equivalents entering and leaving the municipality. The cash flow statement measures how well the municipality manages its cash position. It should be noted that there could be a difference between the timing of the actual cash flow compared to the recognition of expenditure. For example, when an invoice is received by the Municipality it is recognised as expenditure in the month it is dated, even though it may not be paid within the same month.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share - A general unconditional grant paid to municipalities. It is predominantly targeted to subsidise the delivery of free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality.

MBRR - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA - Local Government: Municipal Finance Management Act (56/2003). The principal piece of legislation relating to municipal financial management. From here on to be referred to as the Act.

MTREF - Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two outer year budget allocations. Also includes details of the previous and current year's financial position.

Operating expenditure - Spending on the day-to-day expenses of the Municipality such as salaries and wages. It provides a short-term benefit, normally less than a year.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

a) overspending of the total amount appropriated in the municipality's approved budget;

b) overspending of the total amount appropriated for a vote in the approved budget; Unauthorised expenditure refers to expenditure that municipalities incurred without provision having been made for it in the budget approved by the council or which does not meet the conditions of a grant.

Virement - A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

LEGISLATIVE FRAMEWORK

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Sections 71 & 52,
- and The Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.
28. The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

Report of the Executive Mayor

In -Year Report – Monthly Budget Statement

The monthly budget statement for February 2026, has been prepared in terms of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

a) The budget of the municipality has been implemented in terms of the Service Delivery Budget Implementation Plan (SDBIP). Details on the implementation and any material deviations from the SDBIP will be covered under Section 10 of this document.

Cash flow has and will for the foreseeable future be a problem. In the short-term Kannaland Municipality has done well to meet the most pressing commitments such as employee related cost and achieving service delivery requirements. The municipality still experiences cash flow challenges due to constrained resources. A Budget Funding Plan has been approved and will be implemented to mitigate risk.

Executive Mayor

Recommendations

That the Council takes cognisance of the monthly budget statement for February 2026.

That the Council takes cognisance of the Eskom Debt Relief Report for February 2026.

SECTION 1 – EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a monthly report in a prescribed format to the mayor, within 10 working days after the end of each month, on the implementation of the Municipality's budget. The format and contents of the monthly budget report comply with the requirements as set out within the Municipal Budget and Reporting Regulations of 2009.

The report will be made available to the public on the municipal website at www.kannaland.gov.za

1.2 CONSOLIDATED PERFORMANCE

The performance against the budget can be summarized as follow:

Amount in thousands	Amended Budget	YTD Budget	Monthly Actual	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 254 396	R 169 597	R 6 487	R 155 604	R (13 993)	-8%
Operating Expenditure	R 262 857	R 175 472	R 9 020	R 130 683	R (44 789)	-21%
Capital	R 13 721	R 9 147	R 0	R 8 195	R (952)	2%

Refer to Table C4 for more detail on operating revenue & expenditure.

Operational Revenue

The municipality's total operational revenue budget amounts to R254 million and the year-to-date revenue on the budget accrued to R156 million. This represents 61% of the YTD variance for total revenue.

Operational Expenditure

The municipality's total operational expenditure budget amounts to R263 million, with a year-to-date performance of R131 million, or 50% of the YTD variance for total expenditure budget.

Capital Expenditure

The total capital budget for the municipality amounts to R14 million with a year-to-date performance of R 8.2 million, or 60% of the total capital budget.

Operating Surplus/Deficit

The variances for operating revenue amounted to R6,49 million exceeding budget, and expenditure amounting to R 9.02 million below budget, with an operating deficit of R 2.53 million for the month under review. This performance is to be noted against an unfunded budget.

1.3 MATERIAL DIFFERENCES TO THE SDBIP

Material differences to the SDBIP will be discussed under section 10 and in more detail within Appendix C.

1.4 REMEDIAL ACTIONS

(a) Directorates are to ensure that the budget is being implemented in accordance with the Service Delivery and Budget Implementation Plan of the Municipality;

(b) That, strategic decisions / resolutions to improve the capital expenditure, be implemented; communicating with the technical department on spending of capital budget;

(c) Monthly monitoring of the implementation of the Budget Funding Plan;

(d) That measures on debt collection are implemented and applied effectively;

(e) A procurement plan be developed and approved as a matter of urgency;

(f) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an always changing environment.

SECTION 2 – IN-YEAR BUDGET STATEMENT TABLES

2.1 TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M08 February

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	28,504	29,723	29,723	70	17,839	19,815	(1,976)	-10%	29,723
Service charges	131,751	155,248	155,248	5,276	91,064	103,498	(12,434)	-12%	155,248
Investment revenue	1,479	1,003	1,003	–	879	669	210	31%	1,003
Transfers and subsidies - Operational	56,603	53,464	53,464	0	33,800	35,643	(1,843)	-5%	53,464
Other own revenue	23,574	14,958	14,958	1,141	12,022	9,972	2,050	21%	14,958
Total Revenue (excluding capital transfers and	**241,910**	**254,396**	**254,396**	**6,487**	**155,604**	**169,597**	**(13,993)**	**-8%**	**254,396**
Employee costs	114,550	97,832	97,732	7,483	70,120	65,389	4,731	7%	97,732
Remuneration of Councillors	4,264	3,526	3,526	324	2,624	2,351	274	12%	3,526
Depreciation and amortisation	40,078	13,179	13,179	–	7,688	8,786	(1,098)	-12%	13,179
Interest	679	1,346	1,346	–	532	897	(365)	-41%	1,346
Inventory consumed and bulk purchases	67,057	90,807	90,756	279	33,311	60,504	(27,193)	-45%	90,756
Transfers and subsidies	589	590	590	55	175	393	(219)	-56%	590
Other expenditure	11,551	55,577	55,728	879	16,233	37,152	(20,919)	-56%	55,728
Total Expenditure	**238,767**	**262,857**	**262,857**	**9,020**	**130,683**	**175,472**	**(44,788)**	**-26%**	**262,857**
Surplus/(Deficit)	**3,144**	**(8,461)**	**(8,461)**	**(2,533)**	**24,920**	**(5,875)**	**30,795**	**-524%**	**(8,461)**
Transfers and subsidies - capital (monetary allocations)	18,627	15,779	15,779	–	10,681	11,657	(976)	-8%	15,779
Transfers and subsidies - capital (in-kind)	3	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**	**29,819**	**516%**	**7,317**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**	**29,819**	**516%**	**7,317**
Capital expenditure & funds sources									
Capital expenditure	**21,487**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**
Capital transfers recognised	21,027	13,721	13,721	–	8,195	9,147	(952)	-10%	13,721
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	374	–	–	–	–	–	–		–
Total sources of capital funds	**21,401**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**
Financial position									
Total current assets	103,944	43,973	44,023		152,646				44,023
Total non current assets	642,174	310,072	310,072		325,727				310,072
Total current liabilities	232,087	107,528	107,577		152,492				107,577
Total non current liabilities	88,308	48,640	48,640		57,420				48,640
Community wealth/Equity	429,149	197,877	197,877		238,525				197,877
Cash flows									
Net cash from (used) operating	123,591	24,534	24,534	10,573	110,435	17,493	(92,942)	-531%	253,435
Net cash from (used) investing	(18,861)	(15,779)	(15,779)	–	(9,849)	10,519	20,368	194%	15,779
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**186,359**	**18,462**	**18,462**	**–**	**172,598**	**37,720**	**(134,878)**	**-358%**	**341,226**
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	9,307	4,511	3,613	3,538	3,418	3,300	15,620	150,290	193,596
Creditors Age Analysis									
Total Creditors	12,754	7,751	8,767	–	–	–	–	99,456	128,728

2.2 TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE

(Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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 - Functional									%	
Governance and administration		**83,284**	**52,425**	**52,425**	**304**	**50,748**	**34,950**	15,798	45%	**52,425**
Executive and council		37,587	8,106	8,106	–	27,222	5,404	21,818	404%	8,106
Finance and administration		45,697	44,319	44,319	304	23,526	29,546	(6,020)	-20%	44,319
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**24,877**	**21,833**	**21,833**	**7**	**13,723**	**14,555**	(832)	-6%	**21,833**
Community and social services		15,125	16,505	16,505	7	11,858	11,003	855	8%	16,505
Sport and recreation		58	60	60	–	34	40	(6)	-15%	60
Public safety		(6)	–	–	–	2	–	2		–
Housing		9,700	5,268	5,268	–	1,829	3,512	(1,683)	-48%	5,268
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**2,318**	**2,487**	**2,487**	**11**	**2,147**	**1,658**	489	30%	**2,487**
Planning and development		–	–	–	–	–	–	–		–
Road transport		2,318	2,487	2,487	11	2,147	1,658	489	30%	2,487
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**150,059**	**193,429**	**193,429**	**6,165**	**99,666**	**130,090**	(30,424)	-23%	**193,429**
Energy sources		87,144	117,820	117,820	4,593	61,981	79,684	(17,703)	-22%	117,820
Water management		36,906	42,176	42,176	998	20,466	28,117	(7,652)	-27%	42,176
Waste water management		13,215	16,009	16,009	297	8,728	10,672	(1,945)	-18%	16,009
Waste management		12,795	17,425	17,425	277	8,493	11,617	(3,124)	-27%	17,425
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**260,539**	**270,174**	**270,174**	**6,487**	**166,285**	**181,253**	**(14,969)**	**-8%**	**270,174**
Expenditure - Functional										
Governance and administration		**86,298**	**89,151**	**89,151**	**5,500**	**54,821**	**59,657**	(4,836)	-8%	**89,151**
Executive and council		33,308	28,542	28,542	1,566	17,174	19,028	(1,854)	-10%	28,542
Finance and administration		52,990	60,609	60,609	3,934	37,647	40,629	(2,982)	-7%	60,609
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**19,076**	**18,398**	**18,398**	**620**	**10,661**	**12,277**	(1,616)	-13%	**18,398**
Community and social services		10,817	9,366	9,366	423	6,272	6,255	17	0%	9,366
Sport and recreation		1,557	1,702	1,702	39	798	1,134	(337)	-30%	1,702
Public safety		1,447	369	369	27	790	246	544	221%	369
Housing		5,254	6,962	6,962	132	2,801	4,642	(1,840)	-40%	6,962
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**15,046**	**20,583**	**20,583**	**1,358**	**10,576**	**13,722**	(3,146)	-23%	**20,583**
Planning and development		281	380	380	13	111	253	(142)	-56%	380
Road transport		14,765	20,203	20,203	1,345	10,466	13,469	(3,003)	-22%	20,203
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**118,346**	**134,725**	**134,725**	**1,541**	**54,625**	**89,816**	(35,191)	-39%	**134,725**
Energy sources		73,468	94,302	94,302	390	36,557	62,868	(26,311)	-42%	94,302
Water management		22,092	17,934	17,934	402	8,649	11,956	(3,307)	-28%	17,934
Waste water management		10,782	10,707	10,707	307	4,096	7,138	(3,042)	-43%	10,707
Waste management		12,005	11,782	11,782	442	5,324	7,855	(2,531)	-32%	11,782
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**238,767**	**262,857**	**262,857**	**9,020**	**130,683**	**175,472**	**(44,788)**	**-26%**	**262,857**
Surplus/ (Deficit) for the year		**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**	**29,819**	**516%**	**7,317**

2.3 TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE
(Revenue & Expenditure by Municipal Vote)

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

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 - MUNICIPAL MANAGER		37,587	8,606	8,606	–	27,488	5,737	21,751	379.1%	8,606
Vote 2 - CORPORATE SERVICES		25,969	22,740	22,740	31	15,073	15,160	(87)	-0.6%	22,740
Vote 3 - FINANCIAL SERVICES		45,108	43,444	43,444	291	22,946	28,963	(6,017)	-20.8%	43,444
Vote 4 - TECHNICAL SERVICES		151,875	195,384	195,384	6,165	100,778	131,394	(30,615)	-23.3%	195,384
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–		–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**260,539**	**270,174**	**270,174**	**6,487**	**166,285**	**181,253**	**(14,969)**	**-8.3%**	**270,174**
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		33,308	28,542	28,542	1,566	17,174	19,028	(1,854)	-9.7%	28,542
Vote 2 - CORPORATE SERVICES		61,566	45,318	45,318	3,208	34,088	30,447	3,641	12.0%	45,318
Vote 3 - FINANCIAL SERVICES		12,318	37,137	37,137	1,530	16,295	24,758	(8,463)	-34.2%	37,137
Vote 4 - TECHNICAL SERVICES		131,113	150,855	150,855	2,670	62,973	100,570	(37,597)	-37.4%	150,855
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		462	1,005	1,005	46	154	670	(516)	-77.0%	1,005
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**238,767**	**262,857**	**262,857**	**9,020**	**130,683**	**175,472**	**(44,788)**	**-25.5%**	**262,857**
Surplus/ (Deficit) for the year	2	**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**	**29,819**	**515.8%**	**7,317**

2.4 TABLE C4 – MONTHLY FINANCIAL PERFROMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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		86,289	107,694	107,694	4,562	60,165	71,796	(11,631)	-16%	107,694
Service charges - Water		25,346	30,912	30,912	651	17,829	20,608	(2,779)	-13%	30,912
Service charges - Waste Water Management		10,179	7,384	7,384	53	6,607	4,922	1,685	34%	7,384
Service charges - Waste management		9,937	9,258	9,258	10	6,463	6,172	291	5%	9,258
Sale of Goods and Rendering of Services		481	295	295	19	252	197	56	28%	295
Agency services		1,324	1,450	1,450	–	891	967	(76)	-8%	1,450
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		9,583	8,594	8,594	867	6,672	5,729	942	16%	8,594
Interest earned from Current and Non Current Assets		1,479	1,003	1,003	–	879	669	210	31%	1,003
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		692	493	493	6	440	329	111	34%	493
Licence and permits		206	230	230	11	101	153	(53)	-34%	230
Special rating levies		–	–	–	–	–	–	–		–
Operational Revenue		314	200	200	13	209	133	76	57%	200
Non-Exchange Revenue										
Property rates		28,504	29,723	29,723	70	17,839	19,815	(1,976)	-10%	29,723
Surcharges and Taxes		6,604	–	–	–	–	–	–		–
Fines, penalties and forfeits		236	231	231	–	820	154	667	434%	231
Licence and permits		–	–	–	–	2	–	2		–
Transfer and subsidies - Operational		56,603	53,464	53,464	0	33,800	35,643	(1,843)	-5%	53,464
Interest		3,420	3,465	3,465	225	2,205	2,310	(104)	-5%	3,465
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		714	–	–	–	430	–	430		–
Gains on disposal of Assets		–	–	–	–	–	–	–		–
Other Gains		–	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and		**241,910**	**254,396**	**254,396**	**6,487**	**155,604**	**169,597**	**–**		**254,396**
Expenditure By Type										
Employee related costs		114,550	97,832	97,732	7,483	70,120	65,389	4,731	7%	97,732
Remuneration of councillors		4,264	3,526	3,526	324	2,624	2,351	274	12%	3,526
Bulk purchases - electricity		63,298	82,476	82,476	3	31,048	54,984	(23,936)	-44%	82,476
Inventory consumed		3,759	8,331	8,280	276	2,264	5,520	(3,256)	-59%	8,280
Debt impairment		(40,672)	13,468	13,468	–	–	8,979	(8,979)	-100%	13,468
Depreciation and amortisation		40,078	13,179	13,179	–	7,688	8,786	(1,098)	-12%	13,179
Interest		679	1,346	1,346	–	532	897	(365)	-41%	1,346
Contracted services		20,514	20,447	20,297	88	8,480	13,531	(5,051)	-37%	20,297
Transfers and subsidies		589	590	590	55	175	393	(219)	-56%	590
Irrecoverable debts written off		13,534	–	–	–	44	–	44		–
Operational costs		16,845	21,662	21,963	791	7,708	14,642	(6,933)	-47%	21,963
Losses on Disposal of Assets		1,329	–	–	–	–	–	–		–
Other Losses		–	–	–	–	–	–	–		–
Total Expenditure		**238,767**	**262,857**	**262,857**	**9,020**	**130,683**	**175,472**	**(44,788)**	**-26%**	**262,857**
Surplus/(Deficit)		**3,144**	**(8,461)**	**(8,461)**	**(2,533)**	**24,920**	**(5,875)**	**44,788**	**(0)**	**(8,461)**
Transfers and subsidies - capital (monetary allocations)		18,627	15,779	15,779	–	10,681	11,657	(976)	(0)	15,779
Transfers and subsidies - capital (in-kind)		3	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**			**7,317**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**			**7,317**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–			–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**			**7,317**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**21,773**	**7,317**	**7,317**	**(2,533)**	**35,601**	**5,782**			**7,317**

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of 5% will be treated as material unless otherwise stated. Material deviations will be explained, and recommendations will be made if the extent and nature of the deviation may necessitate action.

It should be noted that the straight-line budget approach will be addressed and adjusted to reflect the cyclical nature of the economy as soon as possible. It should be noted that grants to be received, are accounted for correctly. A costly seamlessly integrated financial accounting system, as required in terms of mSCOA, will take time to implement due to financial constraints.

2.5 OPERATING REVENUE BY SOURCES:

The performance against the revenue budget can be explained as follow:

- **Service Charges – Electricity** amounts to R 4.6 million for **February 2026** and R 60.2 million YTD which represents **-16%** variance to the budget.

- **Service Charges – Water** amounts to R 651 thousand for **February 2026** and R 17.8.2 million YTD which represents **-13%** variance to the budget.

- **Service Charges – Waste Water Management** amounts to R 53 thousand for **February 2026** and R 6.6 million YTD which represents **34%** variance to the budget.

- **Service Charges – Waste Management** amounts to R 881 thousand for **February 2026** and R 6.5 million YTD which represents **19%** variance to the budget.

- **Sale of Goods and Rendering of Services** – amounts to R19 thousand for **February 2026** and R 252 thousand YTD which represents **28%** variance to the budget.

- **Interest on outstanding debtors – 16%** YTD variance from the budget. This variance is due to improved debt collection strategies.
- **Licence and permits**- -**34%** YTD variance from the budget.
- **Rental from fixed Assets –** amounted to R 6 thousand and R 440 thousand YTD which represents a **34%** variance to the budget.
- **Fines, Penalties & Forfeits** – with a **343%** YTD variance, vendor appointed to provide cameras and administrative support on speed fines.
- **Other Revenue Deviations** - Can be explained as incidental and cyclical in nature**.**

2.6 OPERATING EXPENDITURE BY TYPE

- **Employee Related Costs –** amounted to R 7.5 million for **February 2026** and R 70.1 million YTD, this represents a 7**%** spending on the budget. The variance on employee related cost is due to salary increases, and high overtime and standby during the month of reporting.
- **Remuneration of Councillors –** amounted to R 324 thousand for **February 2026** and R 2.6million YTD, this represents a **12%** on the budget.
- **Bulk Purchases- electricity-** amounted to R 3.million in **February 2026** and 31.million YTD represents a -44% variance to the budget.
- **Inventory Consumed –** represents a negative **59%** negative on the budget.
- **Contracted Services** – amounted to R 88 thousand in **February 2026** and R 8.4million YTD represents a -37% variance to the budget.
- **Other Expenditure** - amounted to R 791 thousand in **February 2026.**

Most expenditure items were less than forecasted and this is due to the lack of recognition of expenditure once incurred, in addition to cash flow issues that results in the municipality only spending in terms of available revenue. The Municipality is still busy implementing expenditure on the accrual basis, expenses has been recognized when paid. This process will be corrected in the next view months.

2.7 TABLE C5 – MONTHLY BUDGETED CAPITAL EXPENDITURE

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–		–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 4 - TECHNICAL SERVICES		16,944	13,721	13,721	–	8,195	9,147	(952)	-10%	13,721
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–		–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	**16,944**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		140	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICES		293	–	–	–	–	–	–		–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 4 - TECHNICAL SERVICES		4,110	–	–	–	–	–	–		–
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–		–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	4,543	–	–	–	–	–	–		–
Total Capital Expenditure	3	**21,487**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**
Capital Expenditure - Functional Classification										
Governance and administration		**348**	**–**	**–**	**–**	**–**	**–**	–		**–**
Executive and council		140	–	–	–	–	–	–		–
Finance and administration		208	–	–	–	–	–	–		–
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**86**	**–**	**–**	**–**	**–**	**–**	–		**–**
Community and social services		86	–	–	–	–	–	–		–
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**26**	**–**	**–**	**–**	**–**	**–**	–		**–**
Planning and development		–	–	–	–	–	–	–		–
Road transport		26	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**21,027**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	(952)	-10%	**13,721**
Energy sources		4,110	2,967	2,967	–	–	1,978	(1,978)	-100%	2,967
Water management		779	1,217	1,217	–	514	812	(297)	-37%	1,217
Waste water management		13,836	9,536	9,536	–	7,681	6,358	1,324	21%	9,536
Waste management		2,303	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**21,487**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**
Funded by:										
National Government		16,139	12,503	12,503	–	7,681	8,336	(654)	-8%	12,503
Provincial Government		4,889	1,217	1,217	–	514	812	(297)	-37%	1,217
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		**21,027**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		374	–	–	–	–	–	–		–
Total Capital Funding	7	**21,401**	**13,721**	**13,721**	**–**	**8,195**	**9,147**	**(952)**	**-10%**	**13,721**

CAPITAL EXPENDITURE

- amounted to **R 0** in **February 2026** and **R 8.2 million YTD** which represents a -10**%** variance to the budget**.**

2.8 TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M08 February						
Description	Ref	2024/25	Budget Year 2025/26			
R thousands		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
ASSETS	1					
Current assets						
Cash and cash equivalents		34,673	18,162	18,162	39,910	18,162
Trade and other receivables from exchange transactions		89,823	54,173	54,173	103,222	54,173
Receivables from non-exchange transactions		12,540	458	458	11,066	458
Current portion of non-current receivables		–	–	–	–	–
Inventory		3,845	116	165	1,817	165
VAT		(35,509)	(27,873)	(27,873)	(3,533)	(27,873)
Other current assets		(1,428)	(1,062)	(1,062)	164	(1,062)
Total current assets		**103,944**	**43,973**	**44,023**	**152,646**	**44,023**
Non current assets						
Investments		–	–	–	–	–
Investment property		2,134	1,064	1,064	1,018	1,064
Property, plant and equipment		640,024	309,004	309,004	324,705	309,004
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		16	4	4	4	4
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**642,174**	**310,072**	**310,072**	**325,727**	**310,072**
TOTAL ASSETS		**746,118**	**354,045**	**354,095**	**478,373**	**354,095**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		3,030	1,446	1,446	1,654	1,446
Trade and other payables from exchange transactions		199,554	104,511	104,560	99,238	104,560
Trade and other payables from non-exchange transactions		37,187	15,581	15,581	29,546	15,581
Provision		20,859	4,735	4,735	12,368	4,735
VAT		(28,544)	(18,745)	(18,745)	9,685	(18,745)
Other current liabilities		–	–	–	–	–
Total current liabilities		**232,087**	**107,528**	**107,577**	**152,492**	**107,577**
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		59,682	37,090	37,090	40,334	37,090
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		28,626	11,550	11,550	17,086	11,550
Total non current liabilities		**88,308**	**48,640**	**48,640**	**57,420**	**48,640**
TOTAL LIABILITIES		**320,395**	**156,168**	**156,217**	**209,912**	**156,217**
NET ASSETS	2	**425,722**	**197,877**	**197,877**	**268,461**	**197,877**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		428,226	197,416	197,416	238,064	197,416
Reserves and funds		923	462	462	462	462
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**429,149**	**197,877**	**197,877**	**238,525**	**197,877**

2.9 TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M08 February										
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
									%	
CASH FLOW FROM OPERATING ACTIVITIES	1									
Receipts										
Property rates		19,650	27,286	27,286	1,576	14,254	18,191	(3,937)	-22%	27,286
Service charges		100,836	151,165	151,165	8,357	71,759	100,777	(29,018)	-29%	151,165
Other revenue		17,289	24,122	24,122	450	8,209	16,081	(7,872)	-49%	24,122
Transfers and Subsidies - Operational		56,202	53,464	53,464	1,635	38,806	35,643	3,163	9%	53,464
Transfers and Subsidies - Capital		24,160	15,779	15,779	–	15,164	11,657	3,507	30%	15,779
Interest		–	3,775	3,775	–	–	2,516	(2,516)	-100%	3,775
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(94,546)	(249,711)	(249,711)	(1,445)	(37,756)	(166,474)	(128,718)	77%	(20,809)
Interest		–	(1,346)	(1,346)	–	–	(897)	(897)	100%	(1,346)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**123,591**	**24,534**	**24,534**	**10,573**	**110,435**	**17,493**	**(92,942)**	**-531%**	**253,435**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(18,861)	(15,779)	(15,779)	–	(9,849)	10,519	20,368	194%	15,779
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(18,861)**	**(15,779)**	**(15,779)**	**–**	**(9,849)**	**10,519**	**20,368**	**194%**	**15,779**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**104,730**	**8,755**	**8,755**	**10,573**	**100,586**	**28,012**			**269,214**
Cash/cash equivalents at beginning:		81,629	9,707	9,707		72,011	9,707			72,011
Cash/cash equivalents at month/year end:		186,359	18,462	18,462		172,598	37,720			341,226

The total bank balance ending of **February 2026** were as follow;

- Standard Bank Main Account is **R 258 thousand;**
- The Traffic Account has **R 1.63 million;**
- Deposit Account has **R 540 thousand**;
- Call Account has **R 21.7 million**; and
- Eskom Bulk Account has **R 2.4 million.**

SECTION 3 SUPPORTING DOCUMENTATION

3.1 TABLE SC3 – DEBTORS AGE ANALYSIS

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February													
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	5,280	1,900	1,221	1,134	1,100	1,038	4,548	28,794	45,014	36,613	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2,056	295	191	159	214	195	428	1,821	5,360	2,818	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	2,819	792	691	744	583	549	2,710	28,032	36,920	32,618	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	957	454	449	448	453	452	2,366	17,791	23,371	21,511	–	–
Receivables from Exchange Transactions - Waste Management	1600	1,718	719	711	707	703	693	3,477	25,504	34,232	31,083	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	0	0	0	–	–
Interest on Arrear Debtor Accounts	1810	51	74	88	114	136	156	1,136	42,907	44,662	44,449	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(3,575)	276	262	233	228	216	955	5,441	4,036	7,074	–	–
Total By Income Source	**2000**	**9,307**	**4,511**	**3,613**	**3,538**	**3,418**	**3,300**	**15,620**	**150,290**	**193,596**	**176,166**	**–**	**–**
2024/25 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(1,332)	276	183	92	114	102	160	363	(42)	831	–	–
Commercial	2300	1,345	221	190	266	164	144	780	6,418	9,527	7,771	–	–
Households	2400	9,352	3,845	3,096	3,032	2,994	2,907	13,933	130,549	169,708	153,415	–	–
Other	2500	(58)	168	144	148	145	147	748	12,960	14,404	14,149	–	–
Total By Customer Group	**2600**	**9,307**	**4,511**	**3,613**	**3,538**	**3,418**	**3,300**	**15,620**	**150,290**	**193,596**	**176,166**	**–**	**–**

The total amount owed to Kannaland Municipality amounted to **R 193.6 million** at the end of **February 2026**.

- **R150.3 million or 78%** of the total outstanding debtors are older than one year.
- **R176.2 million or 91%** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

The biggest concern regarding debt collection in Kannaland Municipality is the ability to collect service charges for water, refuse and sewerage in areas where electricity is not supplied by the municipality. Pre-paid electricity remains the most effective form of credit control.

3.3 TABLE SC4 – CREDITORS AGE ANALYSIS

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February											
Description R thousands	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	8,210	6,554	7,027	–	–	–	–	66,048	**87,840**	–
Bulk Water	0200	121	10	–	–	–	–	–	–	**131**	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	883	397	220	–	–	–	–	1,123	**2,622**	–
Auditor General	0800	3,501	500	1,620	–	–	–	–	20,047	**25,668**	–
Other	0900	38	290	(100)	–	–	–	–	12,238	**12,467**	–
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	**1000**	**12,754**	**7,751**	**8,767**	**–**	**–**	**–**	**–**	**99,456**	**128,728**	**–**

- The total outstanding creditors as at the end of **February 2026** amounts to **R 128.7 million**.

The old debt, +90days, consist mainly of the following:

- ESKOM = R87.8 million, of which the entire amount is conditionally written off. The other R40.9 million is mainly made up of Creditors with payment arrangements, being AG, SALGA, SAMRAS, Collaborator consist of R38.1 million and further Municipal debt owed by Kannaland municipality to neighbouring municipalities amount to R2.6 million.

- All other creditors 0-90 days are managed and paid on a month-to-month payment plan, for finalisation in the 2026-2026 FY.

3.4 INVESTMENT PORTFOLIO ANALYSIS

- The municipality has no long-term debt obligations and any investments other than call account investments.

2/28/2026				
	Original Budget	Total Received	Total Spent	Unspent
Grant Name	Amount			
Provincial Government	**R10,947,000.00**	**R 7,507,667.00**	**R 4,555,570.07**	**R 2,952,096.93**
Housing				
Human Settlement Grant	R 3,842,000.00	R 1,828,667.00	R 1,828,667.00	R 1,828,667.00
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	R -			R -
Title Deeds Restoration Grant	R 1,426,000.00			
Financial Capability (Performance Man System)	R 500,000.00	R 500,000.00	R 266,144.50	R 233,855.50
Lib Replacement: Vulnerable Mun	R 3,666,000.00	R 3,666,000.00	R 2,159,200.12	R 1,506,799.88
Municipal Water Resilience Grant	R 1,400,000.00	R 1,400,000.00		R 1,400,000.00
Comm Dev Workers	R 113,000.00	R 113,000.00	R 59,922.00	R 53,078.00
National Government Grants	**R60,035,000.00**	**R45,230,000.00**	**R40,942,371.38**	**R 4,287,628.62**
Equitable Share	R 38,962,000.00	R 27,191,000.00	R 27,191,000.00	
FMG (Audit)	R 2,900,000.00	R 2,900,000.00	R 1,488,381.79	R 1,411,618.21
Mun Infrastructure Grant	R 577,200.00	R 577,200.00	R 391,078.23	R 186,121.77
Mun Infrastructure Grant	R 10,966,800.00	R 10,966,800.00	R 9,143,010.95	R 1,823,789.05
EPWP	R 1,378,000.00	R 1,378,000.00	R 875,035.30	R 502,964.70
INEP	R 3,412,000.00	R 2,217,000.00	R 1,535,000.00	R 682,000.00
INEP (Eskom)	R 1,839,000.00			R -
WSIG	R -	R -	R -	R -

3.5 GRANT RECEIPTS AND EXPENDITURE

The following indicates expenditure on each respective grant received (Operational) and (Capital) for February 2026 –

National Treasury

Receipts:

- Expanded Public Works Programme amounts to **R 413 thousand.**

Expenditure:

- Financial Management Grant amounts to **R 32 thousand.**
- Municipal Infrastructure Grant PMU amounts to **R44 thousand.**
- Expanded Public Works Programme amounts to **R 110 thousand.**
-

Provincial Treasury

Receipts:

- Libraries Grant amounts to **R 1.2million**

Expenditure:

- Libraries Grant amounts to **R244 thousand.**
- Community Development Worker's grant amounts to **R3.9 thousand**

3.6 TABLE SC8 – EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February

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		3,448	3,197	3,197	250	2,026	2,131	(105)	-5%	3,197
Pension and UIF Contributions		187	–	–	17	135	–	135		–
Medical Aid Contributions		123	–	–	10	87	–	87		–
Motor Vehicle Allowance		207	–	–	22	176	–	176		–
Cellphone Allowance		300	329	329	25	200	219	(19)	-9%	329
Sub Total - Councillors		**4,264**	**3,526**	**3,526**	**324**	**2,624**	**2,351**	**274**	**12%**	**3,526**
% increase	4		**-17.3%**	**-17.3%**						**-17.3%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		3,410	5,175	5,175	468	2,398	3,450	(1,052)	-30%	5,175
Pension and UIF Contributions		5	6	6	1	4	4	(0)	-1%	6
Motor Vehicle Allowance		367	676	676	53	330	451	(121)	-27%	676
Cellphone Allowance		35	150	150	4	18	100	(82)	-82%	150
Other benefits and allowances		53	84	84	4	35	56	(20)	-36%	84
Sub Total - Senior Managers of Municipality		**3,870**	**6,091**	**6,091**	**530**	**2,786**	**4,061**	**(1,275)**	**-31%**	**6,091**
% increase	4		**57.4%**	**57.4%**						**57.4%**
Other Municipal Staff										
Basic Salaries and Wages		71,907	67,870	67,770	5,725	47,479	45,180	2,299	5%	67,770
Pension and UIF Contributions		7,364	7,439	7,439	642	5,193	4,959	234	5%	7,439
Medical Aid Contributions		2,424	2,336	2,336	196	1,719	1,557	162	10%	2,336
Overtime		10,321	4,020	4,020	299	5,986	2,680	3,306	123%	4,020
Performance Bonus		1,849	632	632	–	720	421	299	71%	632
Motor Vehicle Allowance		4,164	4,516	4,516	204	2,418	3,010	(593)	-20%	4,516
Cellphone Allowance		138	146	146	8	88	97	(9)	-10%	146
Housing Allowances		418	481	481	22	157	321	(164)	-51%	481
Other benefits and allowances		6,560	4,152	4,152	(202)	3,349	3,003	347	12%	4,152
Payments in lieu of leave		5,464	150	150	58	225	100	125	125%	150
Long service awards		70	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		**110,679**	**91,741**	**91,641**	**6,952**	**67,334**	**61,328**	**6,006**	**10%**	**91,641**
% increase	4		**-17.1%**	**-17.2%**						**-17.2%**
Total Parent Municipality		**118,813**	**101,358**	**101,258**	**7,807**	**72,744**	**67,740**	**5,005**	**7%**	**101,258**
Unpaid salary, allowances & benefits in arrears:										
Other benefits and allowances		1	–	–	0	1	–	1		–

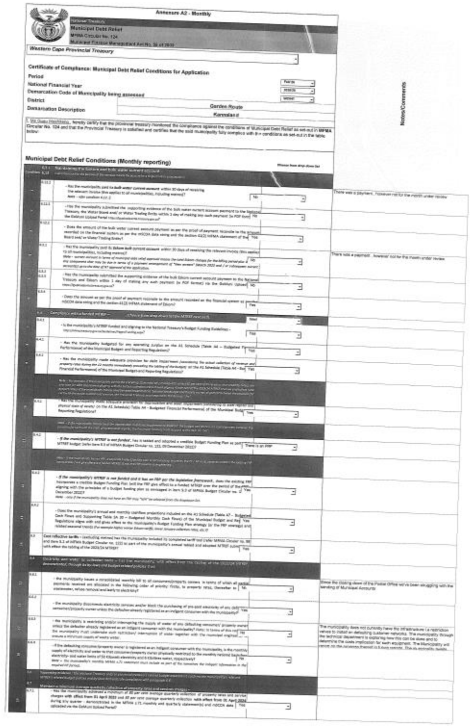
SECTION 4 – IMPLEMENTATION OF THE BUDGET FUNDING PLAN

The municipal council approved the Budget Funding Plan on 10 February 2024. Progress on the funding plan will be reported on from March reporting cycle.

SECTION 5 – PROGRESS ON MUNICIPAL DEBT RELIEF

- Municipality's self-assessment in the format of the compliance certificate issued in MFMA Circular No. 124: Annexure A (signed by the Municipal Manager / (Acting); Attached as Annexure A
- Supporting information substantiating its compliance with conditions 6.1 – 6.14 in MFMA Circular No. 124.

5.1 MFMA Circular 124 – Municipality Compliance Self-Assessment


Annexure A2 - Monthly

Municipal Debt Relief

MFMA Circular No. 124

Western Cape Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period

National Financial Year

Demarcation Code of Municipality being assessed

District: Garden Route

Demarcation Description: Kannaland

Municipal Debt Relief Conditions (Monthly reporting)

Notes/Comments

	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**:		
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 collec[tion of] the municipality (excluding Eskom supplied areas) equals the required quarterly av[erage] collection set-out in paragraph 6.7.1;	Yes	
6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict [or] limit the supply of water in the Eskom supplied area(s)?	Yes	
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, 20[00] [and] that such failed and the reason(s) for the failure?	Yes	
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, wi[thin its] normal credit control process?	Yes	Landis&GYR has installed 3842 meters
6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with eff[ect from the] 2023/24 MTREF with a smart pre-paid meter?	No	
6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA secti[on 71] statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
6.8	**Municipality's Completeness of the revenue base –**		
6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ [or] subsequent supplementary GVR compiled by the registered municipal valuer?	No	
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 de[bt relief] compliance reporting in the MFMA s.71 statement*	Yes	
6.8.2	- **For the latest ending Quarter** - Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	Yes	
6.9	**Monitor and report on implementation –**		
6.9.1	- **MFMA section 71 reporting** – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan [if] relevant?	Yes	
6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the **active intervention evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data s[trings]? *Note – condition 6.9.2 has a typing error and must refer to 6.9.1.*	Yes	
6.9.3	- **Municipalities with financial recovery plans (FRP)** – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP [to the] Provincial Executive?	Yes	
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 Tr[easury] Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
6.10	*Note – [illegible]* *Provincial Treasury Note – Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*		
6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitor[ed the] municipality's compliance in terms of these conditions?	Yes	
6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the **conditions for provincial treasuries** [in] paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the G[oMuni] 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	
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-comp[liance] occurring?	Yes	
	Note – [illegible]		
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 – [illegible]		
6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
6.12.1	- has the municipality **apportioned and ring-fenced in a sub-account** to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) **the component of the** Local Govern[ment] Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes	
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 t[he] account for any other purpose?	Yes	
	Note: [illegible]		
	Supporting evidence : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank ac[count] to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	
6.13	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accou[ntant] 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	
6.14	NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	Yes	
	Note: [illegible]		

PT: HOD/ NT / MM Name: MR. D. SEREO

Signature of HOD/ NT/ MM: [signature]

Date: 2026/03/13

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

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

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

Province		
WC		
Code	District	Code Description
WC041	Garden Route	Kannaland

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF					Part C: FRP/BFP & Tariff Assessment		
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14
25.July25	Kannaland	WC041	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
26.August25	Kannaland	WC041	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
27.September25	Kannaland	WC041	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
28.October25	Kannaland	WC041	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
29.November25	Kannaland	WC041	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
30.December25	Kannaland	WC041	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31.January26	Kannaland	WC041	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
32.February26	Kannaland	WC041	No	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Month	Part D: Electricity and water as collection tools				Part C: Quarterly collection of property rates and services charges							Maximization of Revenue Base		
	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28
25.July25	No	Yes	No	No	Yes	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes
26.August25	No	Yes	No	No	N/A	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes
27.September25	No	Yes	No	No	No	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
28.October25	No	Yes	No	No	N/A	Yes	Yes	Yes	No		Yes	No	Yes	Yes
29.November25	No	Yes	No	No	N/A	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
30.December25	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
31.January26	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
32.February26	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes

Month	Part E: Oversight													Scoring and Rating	
	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes		Yes	Yes	No	68%	Moderate compliance
26.August25	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	83%	Above Moderate
27.September25	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	78%	Moderate compliance
28.October25	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	76%	Moderate compliance
29.November25	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	85%	Above Moderate
30.December25	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	71%	Moderate compliance
31.January26	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	80%	Above Moderate
32.February26	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	76%	Moderate compliance

5.3 The Provincial Treasury Municipal (Eskom) Debt Relief Compliance Assessment

Western Cape Government

Provincial Treasury
Victor Senna
Deputy Director-General: Fiscal and Economic
Victor.Senna@westerncape.gov.za | Tel: 021 483 2666

Reference number: PTR 16/1/20/1
Enquiries: Steven Kenyon

Private Bag X9165
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Ms O Gaarekwe
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AND

Mr D Sereo
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Dear Ms Gaarekwe and Mr Sereo

MFMA CIRCULAR NO. 124 - MUNICIPAL DEBT RELIEF PROVINCIAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF WC041 KANNALAND MUNICIPALITY DURING JANUARY 2026

The National Treasury approved the debt relief application of Kannaland Municipality with effect 1 August 2023. January 2026 constitutes the sixth month of the Municipality's third 12-month debt relief compliance cycle. The Western Cape Provincial Treasury monitored and assessed the Municipality's compliance with all the debt relief conditions during the February 2026 reporting. This letter provides an overview of the Provincial Treasury's assessment of the Municipality's compliance with the programme's conditions.

1. Condition 6.1 - Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 - 6.14 of MFMA Circular No. 124 read together with the additional conditions specific to the Municipality set-out in its National Treasury debt relief approval letter. From the Provincial Treasury's assessment, the Municipality's average compliance with the MFMA Circular No. 124 conditions during January 2026 increased to 54 per cent, from 51 per cent of the previous month of December 2025. The scores from

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Provincial Treasury | Fiscal and Economic Services

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the entire previous second cycle and from the first to the end of the fifth months of the third cycle are lower than the 85 per cent achieved in the first cycle. Refer to the performance sheet in the table below that shows the Municipality's overall relief compliance performance across the recent months of its debt relief cycle. The Provincial Treasury assessment reveals that the Municipality is not on track with its debt relief compliance.

WC041 Kannaland Municipality overall performance from July 2025 up to January 2026:

National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003	Province		
	WC		
	Code	District	Code Description
	WC041	Garden Route	Kannaland

Municipal Details			Part A – Eskom And Bulk water current account						Part B – Compliance with a funded MTREF					Part C – FRP/BFP & Tariff Assessment			Part D – Electricity and water as collection tools				Part C – Quarterly collection of property rates and services charges							Maximization of Revenue Base			Part E – Oversight													Scoring and 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	Score	Rating
25.July25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	59%	[illegible]
26.August25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	59%	[illegible]
27.September25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	61%	[illegible]
28.October25	Kannaland	WC041	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	60%	[illegible]
29.November25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	64%	[illegible]
30.December25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	61%	[illegible]
31.January26	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	64%	[illegible]

The National Treasury will only request Eskom to write-off a Municipality's arrear debt, if the Municipality demonstrates to the National Treasury's satisfaction, that the Municipality complied with the aforementioned conditions for a consecutive period of 12 months. The Municipality is encouraged to take urgent measures to ensure full compliance with all conditions of the Municipal Debt Relief programme.

2. Condition 6.2 - Application-based supported by Council's resolution

The Municipality's application was endorsed by the Council and approved by National Treasury, subject to addressing specified gaps. All of these have subsequently been addressed.

3. Condition 6.3 - Maintaining the Eskom and Water bulk current accounts.

Kannaland Municipality remains non-compliant with section 65(2)(e) of the MFMA and MFMA Circular 124, as partial payments amounting to R3 million were made towards the Eskom bulk electricity account for the month under review. The Municipality indicated that payments effected in January 2026 related to prior periods. During engagements with Eskom and Provincial Treasury, the Municipality had previously committed to a six-month payment arrangement of R5.5 million per month. This commitment was not honoured, as a result Eskom arrears continued to increase. As a result, the Municipality is at risk of losing the benefits of the Eskom Debt Relief Programme. Eskom issued a breach notice on 17 November 2025, requiring urgent corrective action.

The Municipality is currently under an approved Financial Recovery Plan (FRP), with implementation monitored through the FRP Technical Implementation Committee. In addition, the Cash Flow Committee meets weekly, during which Eskom non-compliance has been consistently raised, and Provincial Treasury has repeatedly emphasised the need to prioritise Eskom payments to restore compliance with debt relief conditions. Furthermore, the Municipality only made a payment of R101 083.80 towards bulk water accounts on the 3rd of February 2026 for an invoice date 3rd of December 2025, which is not within the 30 days payment requirement. The Municipality has indicated that certain bulk water accounts are currently under formal dispute due to double payments which have been made and they are waiting for a credit note from the Water Board

Consequently, the Municipality remains non-compliant with Condition 6.12.2 of MFMA Circular 124 in respect of both Eskom and bulk water accounts. **Eskom has reached a final stance to approach National Treasury to remove Kannaland Municipality from the Municipal Debt Relief programme.** This matter requires urgent attention, as continued failure to maintain current payments constitutes a serious and ongoing breach of section 65(2)(e) of the MFMA.

4. Condition 6.4 - A funded MTREF

PT assessed the municipality's 2025/26 adopted budget and found it to be unfunded. While Kannaland had adopted a Budget Funding Plan (BFP) as an interim measure, this could not fully address the financial challenges. With the completion and approval of the FRP in August 2025, the BFP has been replaced. The FRP was formally submitted by National Treasury's Municipal Financial Recovery Service (MFRS) on 11 August 2025 to the Minister of Finance, and the document is now binding on the Council and administration of Kannaland Municipality, as it provides the framework to address immediate and long-term financial challenges and ensure a funded MTREF. Implementation of the FRP commenced on 1 September 2025. PT and other stakeholders continue to engage with the Municipality on a weekly basis through cash flow committee meetings.

5. Condition 6.5 - Cost reflective tariffs

The municipality has not uploaded the completed 2025/26 Cost of Supply (COS) studies to the GOMUNI portal. Therefore, the municipality is requested to upload the document as soon as possible. In terms of MFMA Circulars No. 129 and 130, the Cost of Supply was supposed to be submitted together with the tabled and approved budget as adopted by Council. Additionally, the municipality is encouraged to align cost-reflective tariffs across all four main trading services for the remaining period of its debt relief participation.

6. Condition 6.6 - Electricity and water as collection tools

The Municipality issues a consolidated monthly bill to consumers, prioritising payment allocations first to property rates, then water, wastewater, refuse removal, and lastly, electricity. Account holders automatically receive a breakdown of these charges, with the option for property owners to authorise tenants to open separate service accounts which is not consistent with the conditions in Circular No. 124.

In cases of non-payment, electricity services are disconnected, and prepaid electricity purchases are blocked, except for registered indigent consumers. However, the Municipality lacks the infrastructure to restrict water supply to defaulting non-indigent consumers. This limitation is under technical review to assess implementation feasibility and costs. Registered indigent consumers receive monthly limits of 50 kilowatt hours of electricity and 6 kilolitres of water. These practices are detailed in the monthly MFMA s71 statement, which includes indigent information as specified by the National Treasury.

7. Conditions 6.7 - Maintain a minimum average quarterly collection of property rates and services charges

The Municipality reported a 5 per cent increase compared to the previous month, with the overall current collection rate at 84 per cent, which is still below the required threshold of 95 per cent. When excluding Eskom-supplied areas, the collection rate improves to 95 per cent. While the Municipality reflects a positive performance, focus and tight controls should be directed to the block list project as it plays a crucial role in this improvement. However, the shortfall remains largely attributable to collection challenges in Eskom-supplied areas, where the Municipality is unable to utilise electricity as a credit control mechanism.

To address these challenges, the Municipality has undertaken measures including updating consumer data to improve billing accuracy and the appointed of two debt collection service providers, namely NFD Consulting and Thipa Attorneys, in March 2025. The Municipality amended the debt collectors service level agreements because the original scope was limited to issuing demand letters and did not allow for full implementation of credit control measures, including the issuing of summons.

8. Condition 6.8 - Completeness of the Revenue Base

The Municipality has not aligned its billing system with the Council-approved General Valuation Roll (GVR) or any supplementary GVRs, as highlighted by the National Treasury's property rates reconciliation tool. This misalignment has led to misclassifications, incorrect property transfers, and omissions, affecting the completeness of the revenue base. Corrective actions such as notifying the valuer, adjusting classifications, conducting supplementary valuations, and rectifying property categorisations are underway. Despite these efforts, the Municipality is continuously not including the required monthly progress report on the action plan in their Section 71 report though the Municipality was advised to do so.

The Municipality is urged to prioritise full reconciliation between the valuation roll and billing system and to comply with MFMA Circular No. 124 to support accurate revenue reporting and the success of the debt relief programme.

9. Condition 6.9 - Monitor and Report on compliance

The Western Cape Provincial Treasury's assessment confirmed that the MFMA s71 narrative statement was uploaded to GoMuni. However, the narrative statement was not published on the Municipality's website. This statement was also assessed against the Municipal Budget and Reporting Regulations, 2009 (MBRR) and the National Treasury MFMA s71 reporting guidance issued to debt relief municipalities on 10 May 2024, in conjunction with paragraphs 9(i) to 9(ix) of the NT debt relief approval letter.

The assessment confirmed that the MFMA S71 narrative statement included the following information:

	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 No. 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 No. 124 self-assessment.	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of **MFMA Budget Circular No. 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

	MFMA S71 Statement component	Compliance (Yes/No)
3.4.1	The Municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of **MFMA Budget Circular No. 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 No. 128 (Annexure C).**	Yes
3.6.1	The summary of the Municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The Municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	**No**
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.	**No**
3.7.3	The Municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	**No**
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and/or Mayoral Committee meeting	**Yes**

The Municipality has incorporated its monthly debt compliance reporting into the MFMA Section 71 narratives as required. Although improvements were made following Provincial Treasury's engagement on 14 August 2025, the FMR submitted for January 2026 still contains blurred supporting documents, specifically the property rates reconciliation template and debt relief checklist. These issues continue to limit Provincial Treasury's ability to fully assess the Municipality's compliance with reporting requirements.

10. Condition 6.10 - Provincial Treasury certification of municipal compliance

Provincial Treasury closely monitors compliance with the conditions of the Municipal Debt Relief Programme, and this letter is submitted in fulfilment of the PT's role in certifying compliance of the Municipality.

11. Condition 6.11 - Limitation on Municipal borrowing powers

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

The Municipality has complied with this condition since its debt relief effective date of 5 September 2023, to date.

12. Condition 6.12 - Proper management of resources

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular No. 124 on 21 February 2024. According to this guidance, municipalities are no longer required to maintain separate bank accounts for debt relief purposes as previously mandated by Condition 6.12 of MFMA Circular No. 124. However, regardless of the decision to discontinue a separate bank account, municipalities must demonstrate ring-fencing for debt relief through their monthly mSCOA data string submissions.

The Municipality has not conducted transactions through the previously established ring-fenced sub-account, which was designated for settling current obligations to Eskom and paying for bulk water accounts before using these funds for other purposes. Although the Municipality has submitted documents related to the primary account's monthly bank reconciliations to GoMuni, showing opening and closing balances, they have not provided full bank statements. For further guidance, the Municipality should refer to the Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124, issued by the National Treasury on 16 February 2024.

13. Condition 6.13 - Accounting Treatment

The Municipality's unaudited AFS for 2023/24 were not sufficiently detailed for Provincial Treasury to determine if the Municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) in terms of the written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date. As a result, the Municipality is considered to not have complied with this condition.

14. Condition 6.14 - NERSA Licence

By having applied for Municipal Debt Relief, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the Municipality's license in terms of section 17 of the Electricity regulation Act, 2006 (Act No. 4 of 2006). It is noted that this condition will only come into effect if the Municipality's participation in the debt relief programme is terminated.

15. Provincial Treasury Compliance Certification

The Provincial Treasury certifies that it monitored and assessed WC041 Kannaland Municipality's compliance against the MFMA Circular No. 124 **conditions** and NT debt relief approval letter as set-out below in the PT's compliance certificate for the Municipality in relation to the period 1 – 31 January 2026:

Annexure A2 - Monthly

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

Western Cape Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Jan '26
National Financial Year	2025/26
Demarcation Code of Municipality being assessed	WC041
District	Garden Route
Demarcation Description	Kannaland

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

Municipal Debt Relief Conditions (Monthly reporting)			***Choose from drop down list***
Condition	6.3 + 6.12	**Maintaining the Eskom and bulk water current account –** (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its ***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***	No

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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?	No
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	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 application.*	No
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	No
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No
	6.4	**Compliance with a funded MTREF –** ***(choose from drop down list the MTREF assessed)***	2025/26 Adopted MTREF
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
9	6.4.1	- Has the municipality made adequate provision for debt impairment *(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)* on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes
		Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also propert rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".	
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment *(considering its asset register and physical state of assets)* on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes
		Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".	
11	6.4.2	- ***If the municipality's MTREF is not funded***, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	Yes
		Note - if the municipality has an FRP, a separate budget funding plan is not necesary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strenghtening.	
12	6.4.2	- ***If the municipality's MTREF is not funded and it has an FRP per the legislative framework***, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? ***Note** - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.*	Yes
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends *(For example higher winter Eskom tariffs, lower January collection rates, etc.?)*	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.	No
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? *Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.*	No
	6.6	*Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.*	
	6.7	**Maintain a minimum average quarterly collection of property rates and services charges –**	
19	6.7.1	- Has the municipality achieved a minimum of *80 per cent average quarterly collection* of property rates and service charges **with effect from 01 April 2023** and *85 per cent average quarterly collection* **with effect from 01 April 2024** during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	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 end of 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 end of 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 end of 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?	No
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	No
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	No
	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*	No
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?	No

	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?	No
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.*	No
31	6.9.3	- **Municipalities with financial recovery plans (FRP)** – If the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No
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?	No
		Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.	
	6.10	*Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*	
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the **conditions for provincial treasuries** (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://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 this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.*	
	6.12	**For the duration of the Municipal Debt Relief (to ensure proper management of resources):**	
37	6.12.1	- has the municipality **apportioned and ring-fenced in a sub-account** to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) **the component of the Local Government Equitable Share (LGES)** the municipality earmarked to provide free basic electricity, water and sanitation?	Yes
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes
		***Note:** Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).*	
39		***Supporting evidence**:* Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes
40	6.13	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? ***Note** - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.*	No
41	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No
		***Note:** By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.*	

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KANNALAND MUNICIPALITY JANUARY 2026 9

The Western Cape Provincial Treasury's assessment and compliance certificate confirm that Kannaland Municipality did not fully comply with all the conditions of MFMA Circular No. 124, as outlined above. The Municipality's average compliance score increased from 51 per cent to 54 per cent in January 2026 compared to the previous month. This increase is largely attributable to January 2026 not being an end-of-quarter reporting month. The Municipality continues to not meet the requirement to settle bulk electricity accounts within 30 days and has not upheld its agreed payment arrangement with Eskom. In addition, the mandatory Financial Recovery Plan (FRP) progress report was last submitted on the 10th of September 2025 and remains outstanding for other months on the GoMuni portal. While copies of these documents may have been provided to Provincial Treasury, the Municipality is required to upload the FRP documentation under the Municipal Financial Recovery Service (MFRS) submissions section to ensure full compliance.

The Municipality must address non-compliance matters urgently. Priority should be given to the payment of bulk accounts, particularly those from previous months that remain in arrears, as well as reporting on the progress of the action plan from the General Valuation reconciliation. Thereafter, the Municipality should focus on addressing the other outstanding compliance matters as outlined above. Strengthening the implementation of the debt relief conditions is essential for the Municipality to secure the benefit of having a portion of its debt written off.

The Provincial Treasury continues to appreciate the opportunity that the Municipal Debt Relief Programme provided to municipalities and is committed to supporting our municipalities to ensure that they comply with the conditions of the programme in order to derive the full benefit.

Yours sincerely

VICTOR SENNA
DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONIMIC SERVICES
DATE: 26/2/2026

Cc: The Executive Mayor: Mr J Donson, mayor@kannaland.gov.za
CFO, Kannaland Municipality: Mr L Steenkamp cfo@kannaland.gov.za
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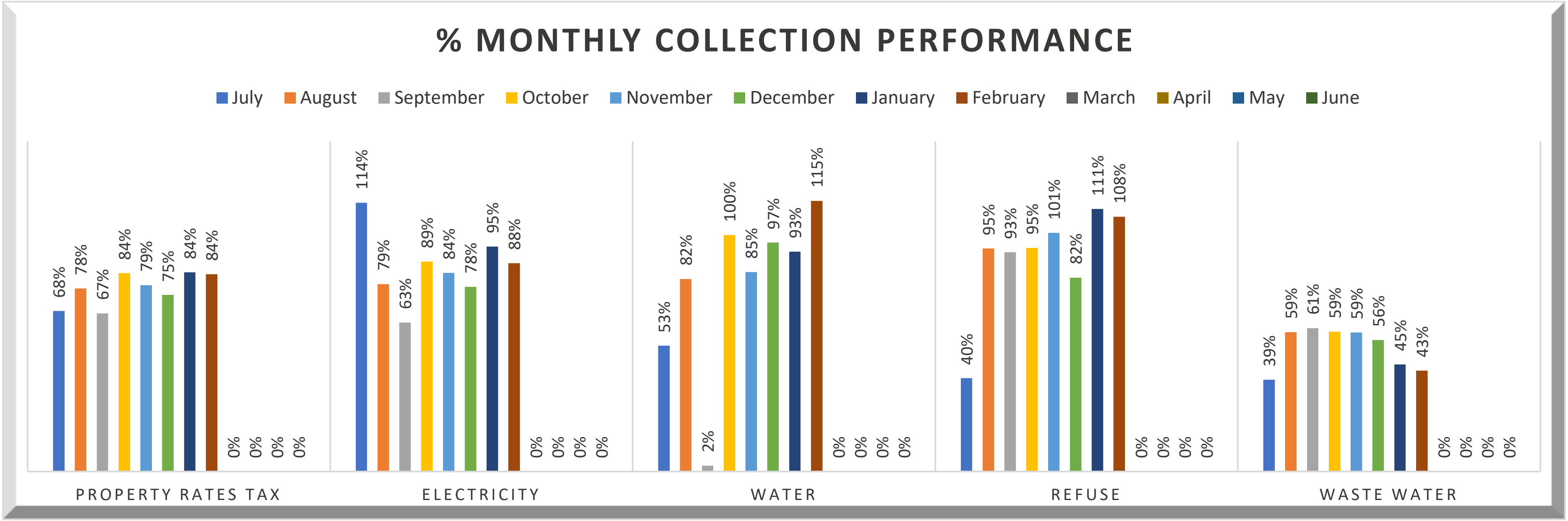
5.4 MFMA Circular 124- Condition 6.6 (Electricity and Water as Collection Tools) & Condition 6.7 (Maintain a minimum average quarterly collection of property rates and services charges)

5.4.1 Monthly/Quarterly collection per ward



Municipal Debt Relief - Monthly Revenue Collection Reporting (condition 6.7)

Province

Western Cape	WC041

Average collection rate (MFMA Circular 124 condition 6.7)

NB - Collection rate principle applied (Cash collection of previous month billing)

Collection Rate Assessment

Notes	Total Aggregate Collection		4.October - Reporting for September in October				5.November - Reporting for October in November				6.December - Reporting for November in December				Summary - Quarter 2				Q2	7.January - Reporting for December in January				8.February - Reporting for January in February			
			Billing For September	Collection in October	R - Billing not collected	% Collection	Billing For October	Collection in November	R - Billing not collected	% Collection	Billing For November	Collection in December	R - Billing not collected	% Collection	Billing	Collection	R - Billing not collected	% Collection		Billing For December	Collection in January	R - Billing not collected	% Collection	Billing For January	Collection in February	R - Billing not collected	% Collection
1	1.Collection for whole demarcation	Summary	15,977,167	13,432,474	2,749,337	84%	13,411,337	10,599,579	2,897,867	79%	14,822,619	11,093,072	3,744,963	75%	44,211,123	35,125,125	9,085,998	79%	79%	14,395,091	12,153,931	3,034,005	84%	15,198,245	12,706,308	3,584,060	84%
2	2.Collection excl Eskom supplied areas		9,835,601	8,751,528	1,527,510	89%	8,152,354	6,869,938	1,517,086	84%	8,926,004	6,990,381	2,183,167	78%	26,913,959	22,611,847	4,302,112	84%	84%	8,838,222	8,429,272	1,449,256	95%	9,484,764	8,380,852	1,849,284	88%
3	3.Collection: **Property Rates**		2,485,254	2,491,999	0	100%	2,524,206	2,134,055	390,151	85%	2,528,059	2,453,632	74,426	97%	7,537,519	7,079,687	457,832	94%	94%	2,528,097	2,357,496	170,602	93%	2,528,014	2,900,842	0	115%
4	4.Total average collection: **Electricity** (Municipal supplied areas)		8,633,831	8,187,773	446,058	95%	5,874,623	5,944,113	0	101%	7,304,942	6,006,317	1,298,625	82%	21,813,396	20,138,202	1,675,194	92%	92%	6,102,905	6,793,656	0	111%	6,116,996	6,604,403	0	108%
5	5.Total average collection: **Water**		2,600,979	1,542,432	1,058,548	59%	2,783,380	1,641,280	1,142,100	59%	2,780,582	1,550,948	1,229,634	56%	8,164,941	4,734,660	3,430,281	58%	58%	3,578,336	1,626,538	1,951,798	45%	4,392,091	1,881,146	2,510,945	43%
6	6.Total average collection: **Wastewater**		1,098,361	479,835	618,526	44%	1,084,848	423,225	661,623	39%	1,074,647	557,424	517,223	52%	3,257,856	1,460,484	1,797,372	45%	45%	1,064,510	630,189	434,321	59%	1,052,859	524,826	528,033	50%
7	7.Total average collection: **Refuse**		1,072,295	446,090	626,205	42%	1,059,840	355,847	703,993	34%	1,049,948	424,894	625,054	40%	3,182,083	1,226,830	1,955,253	39%	39%	1,036,801	559,517	477,285	54%	1,023,655	478,573	545,082	47%
8	8. 7.Total average collection: **Interest**		86,446	284,345	0	329%	84,441	101,060	0	120%	84,441	99,857	0	118%	255,329	485,262	(229,933)	190%	190%	84,441	186,535	0	221%	84,630	316,518	0	374%

Click to view/close months

Complete This Section

Quarter 2 Performance Per Ward

Quarter 3 Performance Per Ward

Services	Electricity Supplier	Ward Name & Number	4.October				5.November				6.December								Q2	7.January				8.February			
			Billing For June	Collection for June in July	Rand Value of Billing not collected	% Collection	Billing For July	Collection for July in August	Rand Value of Billing not collected	% Collection	Billing For August	Collection for August in September	Rand Value of Billing not collected	% Collection	Billing	Collection	R - Billing not collected	% Collection		Billing For June	Collection for June in July	Rand Value of Billing not collected	% Collection	Billing For July	Collection for July in August	Rand Value of Billing not collected	% Collection
Property Rates Tax	Mun Supplied	Nissenville - Ward 1	160,712	129,605	31,107	81%	161,172	114,433	46,738	71%	161,172	135,958	25,214	84%	483,055	379,996	103,059	79%	79%	161,172	163,964	0	102%	161,323.04	142,481.69	18,841	88%
Electricity			167,945	83,067	84,878	49%	106,341	239,725	0	225%	121,362	250,563	0	206%	395,648	573,354	(177,707)	145%	145%	130,157	62,961	67,196	48%	83,158.54	44,494.62	38,664	54%
Water			217,066	63,002	154,064	29%	220,135	59,557	160,578	27%	246,755	122,312	124,444	50%	683,957	244,871	439,086	36%	36%	393,275	57,461	335,814	15%	533,218.92	100,018.76	433,200	19%
Refuse			199,598	58,039	141,559	29%	194,755	44,064	150,691	23%	187,835	85,958	101,878	46%	582,188	188,060	394,128	32%	32%	174,342	83,671	90,672	48%	166,039.09	70,436.64	95,602	42%
Waste Water			239,509	78,725	160,784	33%	233,654	127,965	105,689	55%	227,329	149,302	78,027	66%	700,492	355,993	344,499	51%	51%	215,678	112,771	102,907	52%	208,687.21	93,336.77	115,350	45%
Interest			1,299	180,606	0	13899%	1,299	-	1,299	0%	1,299	17,496	0	1346%	3,898	198,102	(194,204)	5082%	5082%	1,299	778	522	60%	1,399.30	350.00	1,049	25%
Property Rates Tax	Eskom supplied	Zoar - Ward 2	74,817	13,655	61,162	18%	75,358	12,573	62,785	17%	75,347	13,620	61,727	18%	225,522	39,848	185,674	18%	18%	75,432	34,964	40,468	46%	75,431.99	29,973	45,459	40%
Electricity			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!
Water			523,124	43,486	479,638	8%	593,035	29,242	563,793	5%	572,556	30,496	542,059	5%	1,688,715	103,225	1,585,491	6%	6%	890,543	59,900	830,643	7%	1,024,481.41	42,245	982,236	4%
Refuse			378,403	28,573	349,830	8%	377,711	23,601	354,110	6%	377,019	26,144	350,875	7%	1,133,133	78,317	1,054,816	7%	7%	377,019	75,651	301,368	20%	369,753.85	63,419	306,335	17%
Waste Water			367,313	29,845	337,467	8%	366,647	31,191	335,456	9%	365,981	31,743	334,238	9%	1,099,941	92,779	1,007,162	8%	8%	365,981	93,591	272,390	26%	358,990.52	72,391	286,599	20%
Interest			4,772	4,834	0	101%	4,772	4,772	0	100%	4,772	4,855	0	102%	14,316	14,460	(144)	101%	101%	4,772	4,789	0	100%	4,772.12	76,304	0	1599%
Property Rates Tax	Eskom supplied	Calitzdorp Farms - Ward 3	190,152	126,895	63,257	67%	190,254	297,559	0	156%	190,254	437,609	0	230%	570,661	862,063	(291,402)	151%	151%	190,254	107,376	82,879	56%	190,254	192,446	0	101%
Electricity			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!
Water			45,325	24,656	20,669	54%	71,248	31,377	39,872	44%	82,130	21,432	60,698	26%	198,703	77,465	121,238	39%	39%	66,961	46,059	20,902	69%	154,637	54,546	100,091	35%
Refuse			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!
Waste Water			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!
Interest			-	-	-	#DIV/0!	-	507	0	#DIV/0!	-	24,938	0	#DIV/0!	-	25,445	(25,445)	#DIV/0!	#DIV/0!	-	12	0	#DIV/0!	-	173,731	0	#DIV/0!
Property Rates Tax	Mun Supplied	Bergsig Calitzdorp - Ward 3	22,705	10,180	12,524	45%	22,705	7,174	15,531	32%	22,705	6,446	16,259	28%	68,115	23,801	44,314	35%	35%	22,705	14,969	7,736	66%	22,705	14,755	7,950	65%
Electricity			18,247	14,145	4,102	78%	17,969	7,799	10,170	43%	13,833	14,914	0	108%	50,049	36,857	13,192	74%	74%	7,234	12,518	0	173%	11,587	9,358	2,230	81%
Water			330,446	42,113	288,333	13%	240,315	29,904	210,411	12%	331,040	26,205	304,835	8%	901,801	98,222	803,579	11%	11%	462,361	12,319	450,042	3%	703,119	43,033	660,085	6%
Refuse			128,562	20,619	107,943	16%	123,373	17,729	105,644	14%	120,951	16,562	104,389	14%	372,885	54,909	317,976	15%	15%	121,643	40,521	81,122	33%	124,756	25,729	99,028	21%
Waste Water			116,870	14,702	102,168	13%	111,152	9,899	101,252	9%	108,361	9,945	98,416	9%	336,383	34,546	301,837	10%	10%	110,208	32,694	77,514	30%	113,537	15,887	97,650	14%
Interest			1,633	411	1,222	25%	1,633	171	1,462	10%	1,633	150	1,483	9%	4,899	732	4,167	15%	15%	1,633	372	1,261	23%	483	360	124	74%
Property Rates Tax	Mun Supplied	Calitzdorp Town - Ward 3	471,192	436,761	34,431	93%	469,040	409,714	59,326	87%	469,105	290,030	179,075	62%	1,409,337	1,136,505	272,832	81%	81%	469,105	570,066	0	122%	469,207	524,081	0	112%
Electricity			749,731	567,235	182,496	76%	501,827	589,703	0	118%	572,393	430,889	141,503	75%	1,823,951	1,587,827	236,124	87%	87%	651,358	635,542	15,816	98%	1,008,526	1,284,238	0	127%
Water			236,942	199,536	37,405	84%	263,906	229,309	34,597	87%	276,632	177,641	98,992	64%	777,480	606,486	170,994	78%	78%	387,220	252,585	134,635	65%	498,094	370,130	127,965	74%
Refuse			100,035	105,042	0	105%	99,689	83,768	15,921	84%	98,651	63,930	34,721	65%	298,375	252,740	45,635	85%	85%	98,651	118,996	0	121%	98,997	92,530	6,467	93%
Waste Water			22,906	24,618	0	107%	22,906	16,159	6,747	71%	22,779	15,607	7,172	69%	68,590	56,383	12,207	82%	82%	22,779	25,858	0	114%	22,779	21,210	1,568	93%
Interest			6,777	25,127	0	371%	6,777	13,469	0	199%	6,777	3,620	3,157	53%	20,330	42,216	(21,886)	208%	208%	6,777	21,530	0	318%	6,777	18,725	0	276%
Property Rates Tax	Mun Supplied	Ladismith Town - Ward 4	992,297	1,218,571	0	123%	1,006,659	825,372	181,287	82%	1,012,708	1,073,600	0	106%	3,011,664	3,117,542	(105,879)	104%	104%	1,012,662	1,064,721	0	105%	1,012,682	1,161,956	0	115%
Electricity			4,389,027	4,214,492	174,535	96%	2,994,747	2,892,340	102,407	97%	3,660,200	2,834,224	825,975	77%	11,043,974	9,941,056	1,102,918	90%	90%	3,023,782	3,789,532	0	125%	2,834,757	3,086,565	0	109%
Water			676,082	666,125	9,957	99%	770,945	691,583	79,361	90%	680,241	660,285	19,956	97%	2,127,267	2,017,993	109,274	95%	95%	782,616	698,598	84,018	89%	822,165	740,966	81,199	90%
Refuse			204,520	208,355	0	102%	203,136	159,653	43,483	79%	204,316	214,486	0	105%	611,972	582,495	29,477	95%	95%	203,970	217,995	0	107%	202,932	201,630	1,302	99%
Waste Water			314,473	320,091	0	102%	313,199	228,709	84,490	73%	312,907	342,910	0	110%	940,578	891,709	48,870	95%	95%	312,574	354,534	0	113%	311,575	313,330	0	101%
Interest			67,027	70,362	0	105%	65,022	71,740	0	110%	65,022	47,350	17,672	73%	197,071	189,452	7,619	96%	96%	65,022	84,317	0	130%	66,260	5,250	61,010	8%
Property Rates Tax	Eskom supplied	Ladismith Farms - Ward 4	517,338	503,922	13,416	97%	543,167	424,402	118,765	78%	540,916	469,175	71,741	87%	1,601,420	1,397,499	203,922	87%	87%	540,916	348,296	192,620	64%	540,560	739,817	0	137%
Electricity			3,308,881	3,308,835	46	100%	2,253,738	2,214,546	39,192	98%	2,937,155	2,475,727	461,428	84%	8,499,775	7,999,108	500,667	94%	94%	2,290,374	2,293,104	0	100%	2,178,968	2,179,748	0	100%
Water			507,924	484,207	23,717	95%	560,335	547,429	12,906	98%	528,903	502,663	26,240	95%	1,597,161	1,534,299	62,862	96%	96%	512,611	492,306	20,305	96%	523,028	506,440	16,589	97%
Refuse			21,736	16,126	5,610	74%	21,736	18,591	3,145	86%	21,736	12,739	8,996	59%	65,207	47,456	17,751	73%	73%	21,736	13,850	7,886	64%	21,736	14,554	7,182	67%
Waste Water			12,323	10,699	1,624	87%	12,323	8,672	3,652	70%	12,323	7,541	4,782	61%	36,970	26,912	10,058	73%	73%	12,323	9,214	3,109	75%	12,323	8,539	3,785	69%
Interest			4,875	3,006	1,869	62%	4,875	9,738	0	200%	4,875	58	4,817	1%	14,625	12,802	1,823	88%	88%	4,875	74,687	0	1532%	4,875	37,843	0	776%
Property Rates Tax	Eskom supplied	Van Wyksdorp - Ward 4	56,042	52,411	3,632	94%	55,852	42,828	13,024	77%	55,852	27,195	28,657	49%	167,745	122,433	45,312	73%	73%	55,852	53,140	2,711	95%	55,852	95,332	0	171%
Electricity			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!
Water			64,071	19,307	44,764	30%	63,460	22,879	40,582	36%	62,325	9,914	52,411	16%	189,856	52,099	137,757	27%	27%	82,748	7,309	75,439	9%	133,348	23,768	109,580	18%
Refuse			39,441	9,336	30,105	24%	39,441	8,442	30,998	21%	39,441	5,075	34,366	13%	118,322	22,853	95,469	19%	19%	39,441	8,835	30,606	22%	39,441	10,274	29,166	26%
Waste Water			24,967	1,155	23,812	5%	24,967	630	24,337	3%	24,967	377	24,590	2%	74,900	2,161	72,739	3%	3%	24,967	1,527	23,440	6%	24,967	131	24,836	1%
Interest			63	-	63	0%	63	664	0	1050%	63	1,389	0	2196%	190	2,053	(1,863)	1082%	1082%	63	51	12	81%	63	3,955	0	6253%

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

Municipal Details		
Western Cape		
Code	District	Municipality
WC041		Kannaland

Collection Rate Assessment

Aggregate Collection	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	Summary - Quarter 3	
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection
1.Collection for whole demarcation	41,820,405	31,073,817	10,746,588	74%	74%	44,211,123	35,125,125	9,085,998	79%	79%	29,593,336	24,860,239
2.Collection excl Eskom supplied areas	26,949,730	20,525,187	6,424,543	76%	76%	26,913,959	22,611,847	4,302,112	84%	84%	18,322,987	16,810,124
3.Collection: **Property Rates**	7,491,274	3,712,343	3,778,930	50%	50%	7,537,519	7,079,687	457,832	94%	94%	5,056,111	5,258,338
4.Total average collection: **Electricity** (Municipal supplied areas)	20,793,880	20,496,712	297,168	99%	99%	21,813,396	20,138,202	1,675,194	92%	92%	12,219,901	13,398,060
5.Total average collection: **Water**	7,162,806	4,145,085	3,017,721	58%	58%	8,164,941	4,734,660	3,430,281	58%	58%	7,970,427	3,507,684
6.Total average collection: **Wastewater**	2,961,046	1,239,405	1,721,641	42%	42%	3,257,856	1,460,484	1,797,372	45%	45%	2,117,369	1,155,015
7.Total average collection: **Refuse**	3,166,027	1,311,721	1,854,307	41%	41%	3,182,083	1,226,830	1,955,253	39%	39%	2,060,456	1,038,089
8.Total average collection: **Interest**	245,372	168,552	76,820	69%	0%	255,329	485,262	(229,933)	190%	190%	169,071	503,053

5.4.2 – 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 - 2024/2025			2024/2025 - 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						1,872	1,929	2,009	2,084	2,128	2,157	2,219	2,249				
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		–	–	–	–	**1,872**	**1,929**	**2,009**	**2,084**	**2,128**	**2,157**	**2,219**	**2,249**	–	–	–	–
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	–	–	–	–	**1,872**	**1,929**	**2,009**	**2,084**	**2,128**	**2,157**	**2,219**	**2,249**	–	–	–	–
Status of Water meters :																	
Number of Indigent HH's with prepaid Water						1,872	1,929	2,009	2,084	2,128	2,157	2,219	2,249	–	–	–	–
Number of Indigent HH's with conventional metered Water																	
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	–	–	–	–	**1,872**	**1,929**	**2,009**	**2,084**	**2,128**	**2,157**	**2,219**	**2,249**	–	–	–	–
Status of unlimited supply of Water :																	
Number of Indigent HH's with conventional metered Water - where the municipality is *NOT physcally 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)						1,872	1,929	2,009	2,084	2,128	2,157	2,219	2,249	–	–	–	–
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		–	–	–	–	**1,872**	**1,929**	**2,009**	**2,084**	**2,128**	**2,157**	**2,219**	**2,249**	–	–	–	–
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	–	–	–	–	**1,872**	**1,929**	**2,009**	**2,084**	**2,128**	**2,157**	**2,219**	**2,249**	–	–	–	–
Status of Electricity meters :																	
Number of Indigent HH's with prepaid Electricity						1,872	1,929	2,009	2,084	2,128	2,157	2,219	2,249	–	–	–	–
Number of Indigent HH's with conventional metered Electricity																	
Number of Indigent HH's NOT metered currently - Electricity																	
Number of indigent HH's with other energy sources - No metering		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households	12	–	–	–	–	**1,872**	**1,929**	**2,009**	**2,084**	**2,128**	**2,157**	**2,219**	**2,249**	–	–	–	–
Status of unlimited supply of Electricity :																	
Number of Indigent HH's with conventional metered Electricity - where the municipality is *NOT physcally 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)						1,872	1,929	2,009	2,084	2,128	2,157	2,219	2,249	–	–	–	–
Electricity/other energy (50kwh per household per month)						1,872	1,929	2,009	2,084	2,128	2,157	2,219	2,249	–	–	–	–
Cost of Free Basic Services provided to ALLHousehols in - Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)						91,203.84	93,980.88	97,878.48	#######	#######	#######	#######	#######	-	-	-	
Electricity/other energy (50kwh per household per month)						#######	#######	#######	#######	#######	#######	#######	#######	-	-	-	
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	–	–	–	–	**345,693**	**356,219**	**370,992**	**384,842**	**392,967**	**398,322**	**409,772**	**415,312**	–	–	–	–
Highest level of free service provided per household (ALL Households)																	
Property rates (R value threshold)																	
Water (kilolitres per household per month)																	
Sanitation (kilolitres per household per month)																	
Sanitation (Rand per household per month)																	
Electricity (kwh per household per month)																	
Refuse (average litres per week)																	
Revenue cost of subsidised services provided for ALL Households (R'000)	9																
Residential Category : Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)	14(a)																
PSI Category : Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)	14(b)																
Additional Subsidies: Property rates exemptions, reductions and rebates **in excess of section 17 of MPRA)**																	
Water **(in excess of 6 kilolitres per indigent household per month)**	15																
Sanitation **(in excess of free sanitation service to indigent households)**	16																
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**																	
Refuse **(in excess of one removal a week for indigent households)**																	
Municipal Housing - rental rebates																	
Housing - top structure subsidies	6																
Other																	
Total revenue cost of subsidised services provided		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

MFMA Circular 124 – Property Rates Reconciliation

Property Rates Reconciliation

Province	WC
District	Garden Route District
Type	LM
Municipal Name	Kannaland
GV Period	01/07/2021 - 30/06/2026
Financial Year	2025/2026
Reconciliation Period	Quarter 3

Reconciliation Overview

High Level Reconciliation

Propety Categories	# of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	4475	4956	-481	770,108,000.00	788,168,000.00	- 18,060,000.00
Industrial	22	0	22	53,497,000.00	-	53,497,000.00
Business and Commercial	216	280	-64	168,326,000.00	336,073,000.00	- 167,747,000.00
Agricultural	3479	3087	392	1,847,074,000.00	1,724,192,036.00	122,881,964.00
Mining	0	0	0	-	-	-
State Owned for Public Purpose	39	0	39	101,647,000.00	-	101,647,000.00
PSI	135	160	-25	2,631,000.00	3,858,000.00	- 1,227,000.00
PBO	4	7	-3	1,563,000.00	10,362,000.00	- 8,799,000.00
Multi Use	28	0	28	-	-	-
Vacant	0	0	0	-	-	-
POW	59	60	-1	40,270,000.00	47,931,000.00	- 7,661,000.00
Municipal	1256	1216	40	129,618,000.00	127,063,000.00	2,555,000.00
Other	3	63	-60	4,842,000.00	75,522,000.00	- 70,680,000.00
	9716	9829	-113	3,119,576,000.00	3,113,169,036.00	6,406,964.00

Detailed Reconciliation

Propety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	859,062	901,724	- 42,662	2,577,185.96	2,705,172.15	- 127,986.19
Industrial	190,227	-	190,227	570,681.56	-	570,681.56
Business and Commercial	598,035	1,160,265	- 562,230	1,794,104.76	3,480,794.40	- 1,686,689.64
Agricultural	488,337	459,794	28,542	1,465,010.58	1,379,383.47	85,627.11
Mining	-	-	-	-	-	-
State Owned for Public Purpose	361,441	-	361,441	1,084,323.77	-	1,084,323.77
PSI	-	-	-	-	-	-
PBO	556	3,713	- 3,157	1,667.34	11,139.24	- 9,471.90
Multi Use	-	-	-	-	-	-
Vacant	-	-	-	-	-	-
POW	-	1	- 1	-	1.62	- 1.62
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R2,497,657.99	R2,525,496.96	-R27,838.97	7,492,973.97	7,576,490.88	- 83,516.91

Prepared By: Craig Opperman Date: 2026-03-13

Contatct Details

Signature

Reviewed By: IVOR GRISPE Date: 13-03-2026

Contatct Details

Signature

SECTION 7 – QUALITY CERTIFICATION

KANNALAND
MUNISIPALITEIT | MUNICIPALITY

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LADISMITH
6655

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Tel : (028) 551 1023
Fax : (028) 551 1766

Kerkstr. 32 Church St.
LADISMITH
6655

QUALITY CERTIFICATE

I, Dillo Sereo Accounting Officer of **Kannaland Municipality WC041**, hereby certify that –

(mark as appropriate)

- ✓ The monthly budget statement
- ❑ Quality report on the implementation of the budget and financial state affairs of the municipality
- ❑ Mid- year budget and performance assessment

For the month **February 2026** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: Dillo Sereo

Municipal Manager of **Kannaland Municipality WC041**

Signature------------------------------

Date :11 March 2026