



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for September 2024/25



Table of Contents

GLOSSARY	3
LEGISLATIVE FRAMEWORK.....	6
Report of the Executive Mayor	6
Recommendations	7
SECTION 1 – EXECUTIVE SUMMARY	8
1.1 INTRODUCTION	8
1.2 CONSOLIDATED PERFORMANCE.....	8
1.3 MATERIAL DIFFERENCES TO THE SDBIP	9
1.4 REMEDIAL ACTIONS	9
SECTION 2 – IN-YEAR BUDGET STATEMENT TABLES	10
2.1 TABLE C1 – MONTHLY BUDGET SUMMARY.....	10
2.2 TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE	11
2.3 TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE	12
2.4 TABLE C4 – MONTHLY FINANCIAL PERFROMANCE	13
2.5 OPERATING REVENUE BY SOURCES:	14
2.6 OPERATING EXPENDITURE BY TYPE.....	14
2.7 TABLE C5 – MONTHLY BUDGETED CAPITAL EXPENDITURE	15
2.8 TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION	16
2.9 TABLE C7 – MONTHLY BUDGETED CASH FLOW.....	17
SECTION 3 SUPPORTING DOCUMENTATION	18
3.1 TABLE SC3 – DEBTORS AGE ANALYSIS	18
3.3 TABLE SC4 – CREDITORS AGE ANALYSIS.....	19
3.4 INVESTMENT PORTFOLIO ANALYSIS.....	20
3.6 TABLE SC8 – EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF	22
SECTION 4 – IMPLEMENTATION OF THE BUDGET FUNDING PLAN.....	23
SECTION 5 – SCM DEVIATIONS.....	24
SECTION 6 – PROGRESS ON MUNICIPAL DEBT RELIEF.....	25
SECTION 7 – QUALITY CERTIFICATION.....	50

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 September 2024, 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 September 2024.

That the Council takes cognisance of the Eskom Debt Relief Report for September 2024.

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 251 773	R 62 943	R 17 786	R 64 764	R 1820	3%
Operating Expenditure	R 250 576	R 62 643	R 12 127	R 52 897	R (9746)	-16%
Capital	R 32 938	R 8 235	R 2 077	R 2 447	R (5 787)	-70%

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

Operational Revenue

The municipality's total operational revenue budget amounts to R252 million and the year-to-date revenue on the budget accrued to R 65 million. This represents 3% of the YTD variance for total revenue.

Operational Expenditure

The municipality's total operational expenditure budget amounts to R251 million, with a year-to-date performance of R52 million, or -16% of the YTD variance for total expenditure budget.

Capital Expenditure

The total capital budget for the municipality amounts to R22 million with a year-to-date performance of R 2 447 million, or 30% of the total capital budget.

Operating Surplus/Deficit

The variances for operating revenue amounted to R17 million exceeding budget, and expenditure amounting to R 12 million below budget, with an operating surplus of R 5.6 million

surplus 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 - M03 September									
Description	2023/24	Budget Year 2024/25							
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	28 008	28 234	28 234	2 361	7 104	7 058	45	1%	28 234
Service charges	124 861	134 359	134 359	12 593	35 092	33 590	1 502	4%	134 359
Investment revenue	1 762	1 500	1 500	124	316	375	(59)	-16%	1 500
Transfers and subsidies - Operational	72 746	65 516	65 516	1 345	18 425	16 379	2 046	12%	65 516
Other own revenue	22 552	22 164	22 164	1 363	3 826	5 541	(1 715)	-31%	22 164
Total Revenue (excluding capital transfers and	249 930	251 773	251 773	17 786	64 764	62 943	1 820	3%	251 773
Employee costs	93 649	88 441	87 441	8 683	25 350	21 860	3 490	16%	87 441
Remuneration of Councillors	3 956	3 635	3 635	26	967	909	59	6%	3 635
Depreciation and amortisation	17 799	12 314	12 314	1 026	3 079	3 079	0	0%	12 314
Interest	4 185	1 300	1 300	17	18	325	(307)	-95%	1 300
Inventory consumed and bulk purchases	65 420	70 475	70 475	1 027	16 363	17 619	(1 256)	-7%	70 475
Transfers and subsidies	396	400	400	-	-	100	(100)	-100%	400
Other expenditure	107 834	74 011	75 011	1 348	7 120	18 752	(11 632)	-62%	75 011
Total Expenditure	293 240	250 576	250 576	12 127	52 897	62 643	(9 746)	-16%	250 576
Surplus/(Deficit)	(43 310)	1 197	1 197	5 659	11 867	300	11 567	3858%	1 197
Transfers and subsidies - capital (monetary allocations)	16 611	22 282	22 282	2 624	2 624	5 571	(2 947)	-53%	22 282
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers &	(26 699)	23 479	23 479	8 283	14 490	5 870	8 620	147%	23 479
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Intercompany /Parent subsidiary transactions	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(26 699)	23 479	23 479	8 283	14 490	5 870	8 620	147%	23 479
Capital expenditure & funds sources									
Capital expenditure	33 026	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Capital transfers recognised	21 747	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11 279	-	-	-	-	-	-	-	-
Total sources of capital funds	33 026	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Financial position									
Total current assets	19 001	64 826	64 826		30 069				64 826
Total non current assets	309 530	320 603	320 603		308 899				320 603
Total current liabilities	90 830	64 732	64 732		97 468				64 732
Total non current liabilities	47 140	75 972	75 972		47 140				75 972
Community wealth/Equity	190 560	244 725	244 725		186 077				244 725
Cash flows									
Net cash from (used) operating	59 159	6 972	6 972	(10 070)	33 704	1 743	(31 961)	-1834%	226 699
Net cash from (used) investing	(14 217)	(22 282)	(22 282)	-	(484)	5 571	6 055	109%	22 282
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	81 587	74 878	74 878	-	73 060	97 501	24 441	25%	288 821
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	9 128	4 219	3 923	3 813	3 273	2 637	15 866	110 488	153 348
Creditors Age Analysis									
Total Creditors	14 625	3 706	3 105	-	-	-	-	61 307	82 743

2.2 TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands										
Revenue - Functional										
<i>Governance and administration</i>		81 154	54 667	54 667	3 778	25 339	13 667	11 672	85%	54 667
Executive and council		35 452	13 603	13 603	-	15 616	3 401	12 215	359%	13 603
Finance and administration		45 703	41 064	41 064	3 778	9 723	10 266	(543)	-5%	41 064
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		43 432	35 632	35 632	2 094	3 096	8 908	(5 812)	-65%	35 632
Community and social services		15 932	15 691	15 691	2 094	3 096	3 923	(827)	-21%	15 691
Sport and recreation		46	66	66	-	-	16	(16)	-100%	66
Public safety		(1)	5	5	(0)	0	1	(1)	-79%	5
Housing		27 456	19 870	19 870	-	-	4 967	(4 967)	-100%	19 870
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 898	6 316	6 316	192	543	1 579	(1 035)	-66%	6 316
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		2 898	6 316	6 316	192	543	1 579	(1 035)	-66%	6 316
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		139 055	177 440	177 440	14 347	38 409	44 360	(5 951)	-13%	177 440
Energy sources		73 635	95 625	95 625	8 766	24 620	23 906	714	3%	95 625
Water management		41 889	46 676	46 676	3 374	7 178	11 669	(4 491)	-38%	46 676
Waste water management		11 946	18 386	18 386	1 126	3 358	4 597	(1 238)	-27%	18 386
Waste management		11 586	16 753	16 753	1 081	3 253	4 188	(935)	-22%	16 753
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	266 540	274 055	274 055	20 410	67 387	68 514	(1 126)	-2%	274 055
Expenditure - Functional										
<i>Governance and administration</i>		96 208	86 057	86 057	6 323	21 859	21 514	345	2%	86 057
Executive and council		25 078	24 977	24 977	1 494	6 856	6 244	612	10%	24 977
Finance and administration		71 130	61 081	61 081	4 829	15 003	15 270	(267)	-2%	61 081
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		39 663	35 964	35 964	1 169	3 772	8 991	(5 218)	-58%	35 964
Community and social services		9 204	12 529	12 529	823	2 716	3 132	(416)	-13%	12 529
Sport and recreation		931	1 922	1 922	117	399	481	(82)	-17%	1 922
Public safety		1 479	405	405	128	376	101	274	271%	405
Housing		28 049	21 107	21 107	101	282	5 277	(4 995)	-95%	21 107
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		15 122	17 994	17 994	1 168	3 381	4 498	(1 117)	-25%	17 994
Planning and development		-	620	620	-	-	155	(155)	-100%	620
Road transport		15 122	17 374	17 374	1 168	3 381	4 343	(962)	-22%	17 374
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		142 246	110 560	110 560	3 467	23 885	27 640	(3 755)	-14%	110 560
Energy sources		70 153	71 137	71 137	1 162	17 541	17 784	(243)	-1%	71 137
Water management		38 087	16 925	16 925	984	2 863	4 231	(1 368)	-32%	16 925
Waste water management		17 002	12 079	12 079	677	1 626	3 020	(1 394)	-46%	12 079
Waste management		17 004	10 419	10 419	644	1 855	2 605	(749)	-29%	10 419
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	293 240	250 576	250 576	12 127	52 897	62 643	(9 746)	-16%	250 576
Surplus/ (Deficit) for the year		(26 699)	23 479	23 479	8 283	14 490	5 870	8 620	147%	23 479

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) - M03 September										
Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		35 452	13 603	13 603	–	15 616	3 401	12 215	359,2%	13 603
Vote 2 - CORPORATE SERVICES		45 258	44 530	44 530	2 121	2 913	11 132	(8 220)	-73,8%	44 530
Vote 3 - FINANCIAL SERVICES		44 987	36 666	36 666	3 750	9 613	9 167	447	4,9%	36 666
Vote 4 - TECHNICAL SERVICES		140 844	179 256	179 256	14 539	39 245	44 814	(5 569)	-12,4%	179 256
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	266 540	274 055	274 055	20 410	67 387	68 514	(1 126)	-1,6%	274 055
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		25 078	24 977	24 977	1 494	6 856	6 244	612	9,8%	24 977
Vote 2 - CORPORATE SERVICES		67 531	61 804	61 804	4 289	12 013	15 451	(3 438)	-22,2%	61 804
Vote 3 - FINANCIAL SERVICES		44 257	38 553	38 553	1 805	7 125	9 638	(2 514)	-26,1%	38 553
Vote 4 - TECHNICAL SERVICES		154 980	123 029	123 029	4 493	26 850	30 757	(3 907)	-12,7%	123 029
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		1 393	2 214	2 214	47	53	553	(500)	-90,4%	2 214
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	293 240	250 576	250 576	12 127	52 897	62 643	(9 746)	-15,6%	250 576
Surplus/ (Deficit) for the year	2	(26 699)	23 479	23 479	8 283	14 490	5 870	8 620	146,8%	23 479

2.4 TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD % Variance	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue		138 298	147 437	147 437	13 734	38 209	36 859	1 350	4%	147 437
Service charges - Electricity		73 292	89 822	89 822	8 714	24 519	22 456	2 064	9%	89 822
Service charges - Water		33 366	24 044	24 044	2 143	5 352	6 011	(659)	-11%	24 044
Service charges - Waste Water Management		9 196	10 415	10 415	884	2 640	2 604	36	1%	10 415
Service charges - Waste management		9 006	10 078	10 078	852	2 581	2 520	61	2%	10 078
Sale of Goods and Rendering of Services		483	419	419	16	53	105	(51)	-49%	419
Agency services		1 208	1 450	1 450	124	350	362	(12)	-3%	1 450
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		8 623	7 832	7 832	784	2 107	1 958	149	8%	7 832
Interest earned from Current and Non Current Assets		1 762	1 500	1 500	124	316	375	(59)	-16%	1 500
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		670	1 148	1 148	53	163	287	(124)	-43%	1 148
Licence and permits		202	663	663	18	50	166	(116)	-70%	663
Operational Revenue		487	66	66	23	78	17	61	369%	66
Non-Exchange Revenue		111 632	104 336	104 336	4 052	26 554	26 084	470	2%	104 336
Property rates		28 008	28 234	28 234	2 361	7 104	7 058	45	1%	28 234
Surcharges and Taxes		6 032	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		921	2 561	2 561	12	39	640	(601)	-94%	2 561
Licence and permits		0	1 086	1 086	-	-	271	(271)	-100%	1 086
Transfer and subsidies - Operational		72 746	65 516	65 516	1 345	18 425	16 379	2 046	12%	65 516
Interest		3 208	2 939	2 939	276	807	735	72	10%	2 939
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		716	-	-	58	179	-	179	-	-
Gains on disposal of Assets		-	4 000	4 000	-	-	1 000	(1 000)	-100%	4 000
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and Expenditure By Type)		249 930	251 773	251 773	17 786	64 764	62 943	1 820	3%	251 773
Expenditure By Type										
Employee related costs		93 649	88 441	87 441	8 683	25 350	21 860	3 490	16%	87 441
Remuneration of councillors		3 956	3 635	3 635	26	967	909	59	6%	3 635
Bulk purchases - electricity		60 101	60 529	60 529	515	15 699	15 132	567	4%	60 529
Inventory consumed		5 318	9 946	9 946	512	664	2 486	(1 823)	-73%	9 946
Debt impairment		29 222	11 933	11 933	-	-	2 983	(2 983)	-100%	11 933
Depreciation and amortisation		17 799	12 314	12 314	1 026	3 079	3 079	0	0%	12 314
Interest		4 185	1 300	1 300	17	18	325	(307)	-95%	1 300
Contracted services		35 829	35 267	35 267	357	2 960	8 817	(5 857)	-66%	35 267
Transfers and subsidies		396	400	400	-	-	100	(100)	-100%	400
Irrecoverable debts written off		17 622	-	-	227	321	-	321	-	-
Operational costs		23 403	26 810	27 810	764	3 839	6 952	(3 113)	-45%	27 810
Losses on Disposal of Assets		1 272	-	-	-	-	-	-	-	-
Other Losses		486	-	-	-	-	-	-	-	-
Total Expenditure		293 240	250 576	250 576	12 127	52 897	62 643	(9 746)	-16%	250 576
Surplus/(Deficit)		(43 310)	1 197	1 197	5 659	11 867	300	11 567	0	1 197
Transfers and subsidies - capital (monetary allocations)		16 611	22 282	22 282	2 624	2 624	5 571	(2 947)	(0)	22 282
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & Income Tax		(26 699)	23 479	23 479	8 283	14 490	5 870	-	-	23 479
Surplus/(Deficit) after income tax		(26 699)	23 479	23 479	8 283	14 490	5 870	-	-	23 479
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(26 699)	23 479	23 479	8 283	14 490	5 870	-	-	23 479
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(26 699)	23 479	23 479	8 283	14 490	5 870	-	-	23 479

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** – Elec amounts to R 8.7 million for **September 2024** and R 245million YTD which represents **9%** variance to the budget.
- **Service Charges** – Water amounts to R 2.1 million for **September 2024** and R 5.3 million YTD which represents a negative **11%** variance to the budget.
- **Sale of goods and Rendering of Services** – amounts to R 16 thousand for **September 2024** and R 53 thousand YTD which represents negative 49% variance to the budget.
- **Interest on outstanding debtors** – 8% YTD variance from the budget.
- **Interest earned from Current and Non-Current Assets:** -16% YTD variance from the budget
- **Rental from fixed Assets** – amounted to R 53 thousand and R 163 thousand YTD which represents a negative **43%** variance to the budget.
- **Licence and permits** - (negative **70%** YTD variance from the budget). Amounted to R 18 thousand for the month of **September 2024**.
- **Fines, Penalties & Forfeits** – Almost no activity, with a negative **94%** YTD variance, with no 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 8.6 million for **September 2024** and R 25 million YTD, this represents a 16% spending on the budget.
- **Remuneration of Councillors** – amounted to R 26 thousand for **September 2024** and R 967 thousand YTD, this represents a 6% on the budget.
- **Inventory Consumed** – amounted to R 512 thousand for **September 2024** and R 664 thousand YTD, this represents a negative 73% on the budget.
- **Contracted Services** – amounted to R 357 thousand in **September 2024** and R 2.9 million YTD.
- **Other Expenditure** - amounted to R 764 thousand in **September 2024**.

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) - M03 September										
Vote Description	Ref	2023/24	Budget Year 2024/25							
		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		193	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		26 554	22 178	22 178	2 077	2 447	5 545	(3 097)	-56%	22 178
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	26 747	22 178	22 178	2 077	2 447	5 545	(3 097)	-56%	22 178
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		6 279	10 760	10 760	-	-	2 690	(2 690)	-100%	10 760
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	6 279	10 760	10 760	-	-	2 690	(2 690)	-100%	10 760
Total Capital Expenditure	3	33 026	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Capital Expenditure - Functional Classification										
Governance and administration		-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		193	-	-	-	-	-	-	-	-
Community and social services		51	-	-	-	-	-	-	-	-
Sport and recreation		142	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		32 833	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Energy sources		384	626	626	-	-	156	(156)	-100%	626
Water management		7 093	12 656	12 656	-	-	3 164	(3 164)	-100%	12 656
Waste water management		24 225	17 956	17 956	433	803	4 489	(3 686)	-82%	17 956
Waste management		1 130	1 700	1 700	1 644	1 644	425	1 219	287%	1 700
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	33 026	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Funded by:										
National Government		20 662	30 416	30 416	2 077	2 447	7 604	(5 157)	-68%	30 416
Provincial Government		1 085	2 522	2 522	-	-	630	(630)	-100%	2 522
District Municipality		-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		21 747	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		11 279	-	-	-	-	-	-	-	-
Total Capital Funding	7	33 026	32 938	32 938	2 077	2 447	8 235	(5 787)	-70%	32 938

CAPITAL EXPENDITURE

- The Municipality remains on track with its capital expenditure. It had a **R 2 077 million** expenditure in **September 2024**.

2.8 TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M03 September						
Description	Ref	2023/24	Budget Year 2024/25			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
R thousands						
ASSETS	1					
Current assets						
Cash and cash equivalents		9 707	26 093	26 093	17 195	26 093
Trade and other receivables from exchange transactions		32 456	6 414	6 414	29 605	6 414
Receivables from non-exchange transactions		2 459	3 322	3 322	5 025	3 322
Current portion of non-current receivables		—	—	—	—	—
Inventory		1 974	1 981	1 981	1 974	1 981
VAT		(26 534)	25 953	25 953	(22 634)	25 953
Other current assets		(1 062)	1 063	1 063	(1 097)	1 063
Total current assets		19 001	64 826	64 826	30 069	64 826
Non current assets						
Investments		—	—	—	—	—
Investment property		1 064	1 116	1 116	1 064	1 116
Property, plant and equipment		308 458	319 477	319 477	307 827	319 477
Biological assets		—	—	—	—	—
Living and non-living resources		—	—	—	—	—
Heritage assets		—	—	—	—	—
Intangible assets		8	9	9	8	9
Trade and other receivables from exchange transactions		—	—	—	—	—
Non-current receivables from non-exchange transactions		—	—	—	—	—
Other non-current assets		—	—	—	—	—
Total non current assets		309 530	320 603	320 603	308 899	320 603
TOTAL ASSETS		328 531	385 429	385 429	338 968	385 429
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Financial liabilities		—	—	—	—	—
Consumer deposits		1 446	1 364	1 364	1 468	1 364
Trade and other payables from exchange transactions		89 925	25 374	25 374	82 054	25 374
Trade and other payables from non-exchange transactions		14 991	8 402	8 402	25 718	8 402
Provision		4 735	7 477	7 477	4 735	7 477
VAT		(20 267)	22 114	22 114	(16 507)	22 114
Other current liabilities		—	—	—	—	—
Total current liabilities		90 830	64 732	64 732	97 468	64 732
Non current liabilities						
Financial liabilities		—	—	—	—	—
Provision		35 590	20 653	20 653	35 590	20 653
Long term portion of trade payables		—	44 502	44 502	—	44 502
Other non-current liabilities		11 550	10 817	10 817	11 550	10 817
Total non current liabilities		47 140	75 972	75 972	47 140	75 972
TOTAL LIABILITIES		137 971	140 704	140 704	144 608	140 704
NET ASSETS	2	190 560	244 725	244 725	194 360	244 725
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		190 098	237 309	237 309	185 615	237 309
Reserves and funds		462	7 417	7 417	462	7 417
Other		—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	190 560	244 725	244 725	186 077	244 725

2.9 TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M03 September										
Description	Ref	2023/24	Budget Year 2024/25							
		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		17 177	25 160	25 160	1 671	4 361	6 290	(1 929)	-31%	25 160
Service charges		82 221	123 878	123 878	9 627	25 671	30 969	(5 299)	-17%	123 878
Other revenue		16 053	8 716	8 716	399	1 615	2 179	(564)	-26%	8 716
Transfers and Subsidies - Operational		73 430	62 503	62 503	-	23 679	15 626	8 054	52%	62 503
Transfers and Subsidies - Capital		19 652	19 760	19 760	-	8 105	4 940	3 165	64%	19 760
Interest		3	6 657	6 657	-	-	1 664	(1 664)	-100%	6 657
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(149 375)	(239 702)	(239 702)	(21 768)	(29 727)	(59 925)	(30 198)	50%	(19 975)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		59 159	6 972	6 972	(10 070)	33 704	1 743	(31 961)	-1834%	226 699
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		(14 217)	(22 282)	(22 282)	-	(484)	5 571	6 055	109%	22 282
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14 217)	(22 282)	(22 282)	-	(484)	5 571	6 055	109%	22 282
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		44 942	(15 310)	(15 310)	(10 070)	33 219	7 314			248 981
Cash/cash equivalents at beginning:		36 645	90 188	90 188		39 840	90 188			39 840
Cash/cash equivalents at month/year end:		81 587	74 878	74 878		73 060	97 501			288 821

The total bank balance ending of **September 2024** were as follow;

- Standard Bank Main Account is **R 1.1 million**;
- The Traffic Account has **R 773 thousand**;
- Deposit Account has **R 281 thousand**;
- Call Account has **R 15 984 million**; and
- Eskom Bulk Account has **R 501 thousand**

SECTION 3 SUPPORTING DOCUMENTATION

3.1 TABLE SC3 – DEBTORS AGE ANALYSIS

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September													
Description	NT Code	Budget Year 2024/25										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2 474	810	1 348	780	1 030	747	4 997	20 907	33 091	28 460	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 563	889	520	1 075	341	76	512	977	6 954	2 982	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	3 187	998	866	780	693	636	3 167	23 509	33 837	28 786	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	880	426	345	340	338	338	1 993	13 108	17 767	16 116	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 691	716	555	537	530	521	3 038	18 978	26 567	23 604	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	40	72	71	96	144	142	1 228	29 073	30 865	30 683	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1 706)	308	219	205	199	177	930	3 936	4 267	5 446	-	-
Total By Income Source	2000	9 128	4 219	3 923	3 813	3 273	2 637	15 866	110 488	153 348	136 078	-	-
2023/24 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	1 556	614	456	335	199	83	153	196	3 591	966	-	-
Commercial	2300	865	214	178	165	157	137	857	4 155	6 727	5 470	-	-
Households	2400	6 847	3 229	3 142	3 172	2 775	2 270	14 072	94 917	130 424	117 206	-	-
Other	2500	(140)	163	147	141	143	148	784	11 220	12 606	12 436	-	-
Total By Customer Group	2600	9 128	4 219	3 923	3 813	3 273	2 637	15 866	110 488	153 348	136 078	-	-

The total amount owed to Kannaland Municipality amounted to **R 153 million** at the end of **September 2024**.

- **R110 million or 72%** of the total outstanding debtors are older than one year.
- **R136 million or 89%** 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 - M03 September											
Description	NT Code	Budget Year 2024/25									Prior year
		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	totals for chart (same period)
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	9 397	–	–	–	–	–	–	39 808	49 205	–
Bulk Water	0200	62	–	–	–	–	–	–	–	62	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	414	61	60	–	–	–	–	996	1 531	–
Auditor General	0800	4 172	3 532	2 833	–	–	–	–	5 319	15 856	–
Other	0900	579	112	212	–	–	–	–	15 185	16 088	–
Total By Customer Type	1000	14 625	3 706	3 105	–	–	–	–	61 307	82 743	–

- The total outstanding creditors as at the end of **September** 2024 amounts to **R 82.743 million**.

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

- ESKOM = R49 million, of which the entire amount is conditionally written off. The other R33 million is mainly made up of Creditors with payment arrangements, being AG, SALGA, SAMRAS, Collaborator consist of R22 million and further Municipal debt owed by Kannaland municipality to neighbouring municipalities amount to R3.2 million.
- All other creditors 0-90 days are managed and paid on a month-to-month payment plan, for finalisation in the 2024-2025 FY.

3.4 INVESTMENT PORTFOLIO ANALYSIS

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

3.5 GRANT RECEIPTS AND EXPENDITURE

2024/09/30				
	Original Budget	Total Received	Total Spent	Unspent
Grant Name	Amount			
Provincial Government	R 26 064 000,00	R 9 210 250,00	R 1 278 743,44	R 9 004 815,25
Housing	R 4 800 000,00	R 4 800 000,00		R 4 800 000,00
Human Settlement Grant	R 14 167 000,00	R 3 110 250,00		R 3 110 250,00
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	R -			R -
Title Deeds Restoration Grant	R 403 000,00			R -
Informal Settlm Upgrading Partnership Grant	R 500 000,00			R -
Lib Replacement: Vulnerable Mun	R 3 559 000,00	R 1 187 000,00	R 639 371,72	R 547 628,28
Salaries			R 205 434,75	
Salaries			R 196 642,53	R 196 642,53
Salaries			R 237 294,44	R 237 294,44
Municipal Water Resilience Grant	R 2 000 000,00			R -
Municipal Energy Resilience Grant	R 522 000,00			R -
Comm Dev Workers	R 113 000,00	R 113 000,00		R 113 000,00
National Government Grants	R 61 955 000,00	R 27 496 000,00	R 21 953 136,97	R 5 542 863,03
Equitable Share	R 37 479 000,00	R 15 616 000,00	R 15 616 000,00	R -
FMG (Audit)	R 2 900 000,00	R 2 900 000,00	R 1 294 650,80	R 1 605 349,20
FMG (Intern Salaries)			R 32 000,00	
FMG (Intern Salaries)	R -		R 32 000,00	
FMG (Intern Salaries)			R 32 000,00	
AFS			R 1 198 650,80	
Mun Infrastructure Grant	R 560 850,00	R 560 850,00	R 104 032,13	R 456 817,87
			R 33 184,00	
			R 33 184,00	
			R 37 664,13	
Mun Infrastructure Grant	R 10 656 150,00	R 3 305 150,00	R 1 700 000,00	R 1 605 150,00
EPWP	R 1 255 000,00	R 314 000,00	R 458 033,40	-R 144 033,40
			R 138 489,90	
			R 164 957,00	
			R 154 586,50	
INEP	R -			R -
INEP (Eskom)	R 104 000,00			R -
WSIG	R 9 000 000,00	R 4 800 000,00	R 923 704,31	R 3 876 295,69

The following indicates expenditure on each respective grant received (Operational) and (Capital) for September 2024 -

Expenditure:

- Financial Management Grant amounts to **R 916 thousand**.
- Municipal Infrastructure Grant PMU amounts to **R38 thousand** and Municipal Infrastructure Grant capital expenditure amounts to **R1,7 million**.
- Expanded Public Works Programme amounts to **R 155 thousand**.
- Water Service Infrastructure Grant amounts to **R 924 thousand**.

Provincial Treasury

Expenditure:

- Libraries Grant amounts to **R237 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 - M03 September										
Summary of Employee and Councillor remuneration	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 354	3 306	3 306	38	820	826	(7)	-1%	3 306
Pension and UIF Contributions		152	-	-	(12)	35	-	35	-	-
Medical Aid Contributions		114	-	-	-	29	-	29	-	-
Motor Vehicle Allowance		36	-	-	-	9	-	9	-	-
Cellphone Allowance		300	329	329	-	75	82	(7)	-9%	329
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3 956	3 635	3 635	26	967	909	59	6%	3 635
% increase	4		-8.1%	-8.1%						-8.1%
Senior Managers of the Municipality										
Basic Salaries and Wages		3 377	4 628	4 628	342	1 007	1 157	(150)	-13%	4 628
Pension and UIF Contributions		7	9	9	1	2	2	(1)	-25%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		303	676	676	23	69	169	(100)	-59%	676
Cellphone Allowance		86	178	178	6	17	45	(28)	-62%	178
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		22	136	136	4	13	34	(21)	-61%	136
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		3 794	5 627	5 627	376	1 109	1 407	(298)	-21%	5 627
% increase	4		48.3%	48.3%						48.3%
Other Municipal Staff										
Basic Salaries and Wages		61 213	55 034	54 034	6 549	17 304	13 508	3 796	28%	54 034
Pension and UIF Contributions		7 583	10 497	10 497	618	1 825	2 624	(800)	-30%	10 497
Medical Aid Contributions		2 395	3 493	3 493	182	568	873	(305)	-35%	3 493
Overtime		8 603	4 122	4 122	736	2 629	1 031	1 598	155%	4 122
Performance Bonus		789	725	725	-	21	181	(160)	-88%	725
Motor Vehicle Allowance		3 614	3 089	3 089	306	1 008	772	236	31%	3 089
Cellphone Allowance		107	157	157	16	31	39	(8)	-20%	157
Housing Allowances		339	1 200	1 200	22	78	300	(222)	-74%	1 200
Other benefits and allowances		6 425	3 785	3 785	(138)	721	946	(225)	-24%	3 785
Payments in lieu of leave		1 771	100	100	15	56	25	31	125%	100
Long service awards		(2 985)	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		89 854	82 200	81 200	8 308	24 241	20 300	3 942	19%	81 200
% increase	4		-8.5%	-9.6%						-9.6%
Total Parent Municipality		97 604	91 462	90 462	8 709	26 318	22 615	3 702	16%	90 462
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	614	614	-	-	153	(153)	-100%	614
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1	-	-	0	0	-	0	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Executive members Board		1	614	614	0	0	153	(153)	-100%	614
% increase	4		74797.2%	74797.2%						74797.2%
Total Municipal Entities		1	614	614	0	0	153	(153)	-100%	614
TOTAL SALARY, ALLOWANCES & BENEFITS		97 605	92 076	91 076	8 709	26 318	22 769	3 549	16%	91 076
% increase	4		-5.7%	-6.7%						-6.7%
TOTAL MANAGERS AND STAFF		93 649	87 828	86 828	8 683	25 350	21 707	3 643	17%	86 828

SECTION 4 – IMPLEMENTATION OF THE BUDGET FUNDING PLAN

The municipality is currently busy assessing the funding position after it aligned the budget assumption on the financial system. The updated data strings will be assessed and a budget funding plan will be drafted and adopted by Council.

12.1 Financial Performance 2024/25


SECTION 5 – SCM DEVIATIONS

SEPT DEVIATIONS 2024/2025						
NO	DATE	DEPARTMENT	ORDER	SUPPLIER	AMOUNT	REASON
1	10/09/2024	Administration	21323	Protea Hotel North Wharf	R 8 680,20	
2	10/09/2024	Technical Department	21327	Coastel Armature Winders & Supplies	R 175 915,50	
3	04/09/2024	Administration	21305	ICT Wize Group Pty Ltd	R 9 600,00	
4	05/09/2024	Finance	21310	CMN Chartered Accountants & Business advisors	R 499 060,28	
5	05/09/2024	Finance	21309	Caseware/Adapt IT	R 20 766,47	
6					R 714 022,45	

SECTION 6 – 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.

MFMA Circular 124 – Municipality Compliance Self-Assessment



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						Part B					Part C			Part D				Part C						Part E				Part F															
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment			Electricity and water as collection tools				Quarterly collection of property rates and services charges						Maximization of Revenue Base				Oversight										Compliance Status					
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score		
1.July	Kannaland	WC041	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	95%	Non Compliance
2.August	Kannaland	WC041	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	95%	Non Compliance
3.September	Kannaland	WC041	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	No	Yes	Yes	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	85%	Non Compliance
4.October	Kannaland	WC041																																											0%	Non Compliance
5.November	Kannaland	WC041																																											0%	Non Compliance
6.December	Kannaland	WC041																																											0%	Non Compliance
7.January	Kannaland	WC041																																											0%	Non Compliance
8.February	Kannaland	WC041																																											0%	Non Compliance
9.March	Kannaland	WC041																																											0%	Non Compliance
10.April	Kannaland	WC041																																											0%	Non Compliance
11.May	Kannaland	WC041																																											0%	Non Compliance
12.June	Kannaland	WC041																																											0%	Non Compliance



27 | Page Kannaland Municipality-Monthly Budget Statement M03

MFMA Circular 124 - Municipal Indigent Household Information



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

Municipal Debt Relief - Monthly Reporting - Indigent Households Information (MFMA Circular 124 (Condition 6.6))

Instruction - complete only with information of the current households registered as indigent with the municipality (Do NOT include the information of all households unless explicitly stated otherwise)

Description	Ref	As Per Debt Relief Application		Current Year - 202/2024		2023/2024 - 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						1 995	2 029	2 063									
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		-	-	-	-	1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
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	-	-	-	-	1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
Status of Water meters:																	
Number of Indigent HH's with prepaid Water						1 995	2 029	2 063									
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	-	-	-	-	1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
Status of unlimited supply of Water:																	
Number of Indigent HH's with conventional metered Water - where the municipality is NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HH's billed for consumption above the 6 kilolitres	11																
Energy: (Include All Indigent households also in Eskom supplied areas)																	
Indigent HH's with Electricity (at least min.service level)																	
Indigent HH's with Electricity - prepaid (min.service level)						1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	-	-	-	1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
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	-	-	-	-	1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
Status of Electricity meters:																	
Number of Indigent HH's with prepaid Electricity						1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
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	-	-	-	-	1 995	2 029	2 063	-	-	-	-	-	-	-	-	-
Status of unlimited supply of Electricity:																	
Number of Indigent HH's with conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HH's billed for consumption above the 50 kwh	13																

Number of ALL Households receiving Free Basic Service (including registered Indigent Households)	7																	
Water (6 kilolitres per household per month)					1 995	2 029	2 063	-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)					1 995	2 029	2 063	-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																		
Water (6 kilolitres per household per month)					97 196,40	98 852,88	#####	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	368 407	374 685	380 964	-	-	-	-	-	-	-	-	-	-
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) (impermissible values per section 17 of MPRA)	14(a)																	
PSI Category : Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	14(b)																	
Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA)	15																	
Water (in excess of 6 kilolitres per indigent household per month)	16																	
Sanitation (in excess of free sanitation service to indigent households)																		
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	6																	
Housing - top structure subsidies																		
Other																		
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MFMA Circular 124 – Municipal Collection Rate Assessment

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	
				Period Monitored	No.Of Wards
				September	8

Collection Rate Assessment																				
Aggregate Collection	Summary - Quarter 1					Summary - Quarter 2					Summary - Quarter 3					Summary - Quarter 4				
	Billing	Collection	R - Billing not collected	% Collection	Q1	Billing	Collection	R - Billing not collected	% Collection	Q2	Billing	Collection	R - Billing not collected	% Collection	Q1	Billing	Collection	R - Billing not collected	% Collection	Q1
1.Collection for whole demarcation	45 567 550	39 241 137	6 326 413	86%	86%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
2.Collection <u>excl Eskom supplied areas</u>	32 888 639	29 478 517	3 410 122	90%	90%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
3.Collection: Property Rates	9 233 585	1 719 809	7 513 776	19%	19%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
4.Total average collection: Electricity (Municipal supplied areas)	18 037 976	17 680 319	357 657	98%	98%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
5.Total average collection: Water	12 342 706	16 943 045	(4 600 338)	137%	137%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
6.Total average collection: Wastewater	2 895 648	1 346 158	1 549 490	46%	46%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
7.Total average collection: Refuse	2 828 957	1 181 044	1 647 913	42%	42%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	
8.Total average collection: Interest	228 677	370 762	(142 085)	162%	0%	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!	

MFMA Circular 124 – Monthly Revenue Collection Reporting

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

Province

Western Cape

Demarcation Code

WC041

Municipality

Kannaland

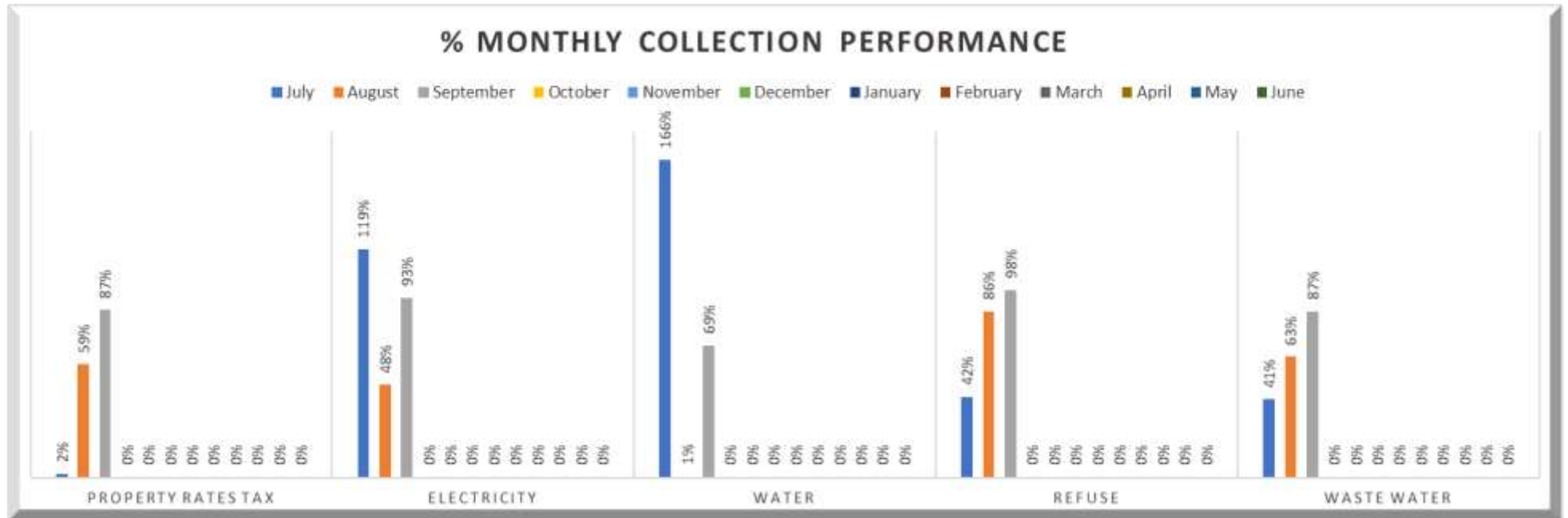
Average collection rate ([MFMA Circular 124 condition 6.7](#))

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

Collection Rate Assessment													
Total Aggregate Collection		1.July - Reporting for June in July				2.August - Reporting for July in August				3.September - Reporting for August in September			
		Billing For June	Collection in July	R- Billing not collected	% Collection	Billing For July	Collection in August	R- Billing not collected	% Collection	Billing For August	Collection for in September	R- Billing not collected	% Collection
1.Collection for whole demarcation	Summary	18 591 064	19 412 967	5 460 168	104%	13 051 323	7 690 136	5 361 187	59%	13 925 163	12 138 033	2 039 454	87%
2.Collection <u>excl</u> Eskom supplied areas		16 704 841	18 057 675	5 611 800	108%	8 211 467	3 967 108	4 300 914	48%	7 972 331	7 453 733	1 311 129	93%
3.Collection: Property Rates		4 474 751	77 668	4 397 083	2%	2 385 893	12 411	2 373 483	1%	2 372 941	1 629 731	743 210	69%
4.Total average collection: Electricity (Municipal supplied areas)		3 856 622	4 581 720	0	119%	6 723 495	5 810 578	912 916	86%	7 457 860	7 288 020	169 840	98%
5.Total average collection: Water		8 477 661	14 034 634	0	166%	1 850 348	1 164 446	685 902	63%	2 014 697	1 743 964	270 733	87%
6.Total average collection: Wastewater		866 982	364 507	502 474	42%	1 016 798	346 315	670 482	34%	1 011 869	635 335	376 534	63%
7.Total average collection: Refuse		839 093	341 691	497 402	41%	997 506	326 133	671 373	33%	992 357	513 220	479 138	52%
8. 7.Total average collection: Interest		75 956	12 747	63 209	17%	77 283	30 253	47 031	39%	75 438	327 763	0	434%

Complete This Section			Quarter 1 Performance Per Ward															
			1.July				2.August				3.September							
Services	Electricity Supplier	Ward Name & Number	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				
Property Rates Tax	Mun Supplied	Nasimville- Ward 1	-	-	-	#DIV/0!	-	100	0	#DIV/0!	154 687	80 189	74 498	52%				
Electricity			-	50 275	60 774	45%	120 173	175 897	0	146%	152 037	110 753	41 285	73%				
Water			326 429	94 749	231 680	29%	162 477	81 196	81 281	50%	206 677	90 700	115 977	44%				
Refuse			126 619	36 221	90 397	29%	177 429	62 608	114 821	35%	177 097	75 509	101 589	43%				
Waste Water			167 206	52 086	115 121	31%	216 389	84 923	131 465	39%	216 545	233 515	0	108%				
Interest	-	-	1 141	-	1 141	0%	1 141	1 140	1	100%	1 211	69 130	0	5708%				
Property Rates Tax	Ekim supplied	Zaar- Ward 2	-	716	0	#DIV/0!	-	269	0	#DIV/0!	71 963	50 964	20 999	71%				
Electricity			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!				
Water			455 860	19 658	436 201	4%	307 435	18 967	288 468	6%	375 319	100 018	275 301	27%				
Refuse			306 569	25 904	280 665	8%	343 258	20 135	323 123	6%	341 932	51 185	290 747	15%				
Waste Water			286 966	22 463	264 503	8%	332 458	18 083	314 376	5%	331 182	58 635	272 547	18%				
Interest	4 338	4 338	0	100%	4 338	4 338	0	100%	4 338	143 515	0	3308%						
Property Rates Tax	Ekim supplied	Calabong Farms- Ward 3	-	4 057	0	#DIV/0!	-	1	0	#DIV/0!	180 068	64 391	115 677	36%				
Electricity			114	-	114	0%	33	-	33	0%	-	-	-	#DIV/0!				
Water			6 997	410	6 587	6%	6 009	2 302	3 707	38%	36 844	7 864	28 980	21%				
Refuse			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!				
Waste Water			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!				
Interest	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!						
Property Rates Tax	Mun Supplied	Mergel Calabong- Ward 3	-	-	-	#DIV/0!	-	-	-	#DIV/0!	22 220	12 767	9 453	57%				
Electricity			11 669	4 621	7 048	40%	12 228	10 438	1 790	85%	13 585	21 021	0	155%				
Water			311 915	6 306 273	0	2022%	212 631	45 252	167 378	21%	220 180	82 268	137 912	37%				
Refuse			86 523	18 741	67 782	22%	126 573	28 559	98 014	23%	126 573	33 635	92 938	27%				
Waste Water			79 317	11 795	67 522	15%	112 833	21 945	90 888	19%	111 783	26 032	85 751	23%				
Interest	483	-	483	0%	483	81	402	17%	1 545	61 365	0	3973%						
Property Rates Tax	Mun Supplied	Calabong Town- Ward 3	-	(72)	72	#DIV/0!	-	731	0	#DIV/0!	451 926	301 034	150 892	67%				
Electricity			623 825	536 690	87 135	86%	548 522	385 933	162 588	70%	646 980	884 463	0	137%				
Water			6 176 444	5 884 826	291 618	95%	166 210	118 699	47 511	71%	203 933	417 738	0	205%				
Refuse			86 697	75 550	11 147	87%	96 571	64 003	32 568	66%	96 239	112 412	0	117%				
Waste Water			19 697	16 723	2 974	85%	21 682	14 063	7 619	65%	22 002	24 103	0	110%				
Interest	6 426	1 757	4 669	27%	6 496	3 746	2 750	58%	6 546	31 335	0	479%						
Property Rates Tax	Mun Supplied	Ladimith Town- Ward 4	4 474 751	-	4 474 751	0%	2 385 893	-	2 385 893	0%	948 996	826 497	122 499	87%				
Electricity			2 883 558	3 677 600	0	128%	2 834 717	2 081 655	753 062	73%	3 181 354	2 848 781	332 572	90%				
Water			685 246	861 479	0	126%	460 343	430 449	29 894	94%	470 151	594 735	0	126%				
Refuse			184 276	173 131	11 145	94%	192 701	135 314	57 387	70%	189 874	211 327	0	111%				
Waste Water			282 943	248 579	34 364	88%	296 088	199 428	96 660	67%	293 329	282 005	11 323	96%				
Interest	58 630	6 651	51 979	11%	59 887	20 947	38 940	35%	56 859	22 419	34 440	39%						
Property Rates Tax	Ekim supplied	Ladimith Farms- Ward 4	-	24 504	0	#DIV/0!	-	11 310	0	#DIV/0!	488 564	254 421	234 144	52%				
Electricity			226 407	312 534	0	138%	3 207 822	3 156 655	51 167	98%	3 463 904	3 423 003	40 901	99%				
Water			461 443	801 517	0	174%	470 856	458 846	12 010	97%	449 081	434 864	14 217	97%				
Refuse			16 352	7 164	9 188	44%	20 507	11 597	8 911	57%	20 176	19 046	1 130	94%				
Waste Water			11 306	12 272	0	109%	11 815	7 757	4 059	66%	11 815	10 843	972	92%				
Interest	4 875	-	4 875	0%	4 875	-	4 875	0%	4 875	-	4 875	0%						
Property Rates Tax	Ekim supplied	Van Wyksoep- Ward 4	-	48 462	0	#DIV/0!	-	-	-	#DIV/0!	54 517	39 469	15 048	72%				
Electricity			-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!				
Water			53 328	65 722	0	123%	64 387	8 735	55 652	14%	52 511	15 776	36 735	30%				
Refuse			32 057	4 980	27 077	16%	40 466	3 917	36 549	10%	40 466	10 106	30 360	25%				
Waste Water			19 546	590	18 957	3%	25 533	117	25 416	0%	25 214	202	25 012	1%				
Interest	63	-	63	0%	63	-	63	0%	63	-	63	0%						

MFMA Circular 124 - Electricity and Water as Collection Tools



Provincial Treasury Debt Relief Compliance Assessment – July 2024



Western Cape
Government

Provincial Treasury
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AND

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Dear Ms Gaarekwe and Mr D Sereo

MFMA CIRCULAR NO. 124 - MUNICIPAL DEBT RELIEF PROVINCIAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF WC041 KANNALAND MUNICIPALITY DURING JULY 2024

The National Treasury approved the debt relief application of Kannaland Municipality with effect 1 August 2023. July 2024 constitutes the 12th month of the Municipality's first 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 August 2024. This letter provides an overview of the Provincial Treasury's assessment of the Municipality's compliance with the programme's conditions.

● Condition 6.1 - Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter. From the Provincial Treasury's assessment, the municipality's average compliance with the MFMA Circular 124 conditions during July 2024 increased to 71 per cent, which was an improvement from the 68 per cent achieved in June 2024, but still much lower than the 85 per cent achieved previously – refer the performance sheet in the table below that shows the municipality's overall

1

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relief compliance performance across the months of its debt relief cycle. We observe that Kannaland Municipality has consistently paid its Eskom accounts. However, despite an improvement in the collection rate, the figures used to calculate collection rates are questionable due to data credibility issues. Therefore, it is not clear whether Kannaland Municipality meets sufficient conditions necessary to qualify for the one third (1/3) debt write-off at the end of its first debt relief compliance cycle on 31 July 2024.

WC041 Kannaland Municipality overall performance from 5 September 2023 up to and including July 2024:

			Monthly Performance Report																											
Municipal Details			Part A				Part B				Part C				Part D				Part E				Part F				Part G			
			Eskom Bulk Water current account				Compliance with a funded MTREF				FMRPA & Tariff Assessment				Stability and water supply performance				Consistency of collection of property rates and services charges				Maintenance of Revenue Base				Weighted			
Month	Code Descr	Code	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 July	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2 April	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
3 September	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
4 October	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
5 November	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
6 December	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
7 January	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
8 February	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
9 March	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
10 April	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
11 May	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
12 June	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

WC041 Kannaland Municipality overall relief performance for July 2024:

			Monthly Performance Report																											
Municipal Details			Part A				Part B				Part C				Part D				Part E				Part F				Part G			
			Eskom Bulk Water current account				Compliance with a funded MTREF				FMRPA & Tariff Assessment				Stability and water supply performance				Consistency of collection of property rates and services charges				Maintenance of Revenue Base				Weighted			
Month	Code Descr	Code	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 July	Kannaland	WC041	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

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.

● 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.

● Condition 6.3 - Maintaining the Eskom bulk current account.

The Municipality has consistently paid the Eskom current accounts on time. However, the water current account invoice and proof of payment were not included in the FMR. As a result, verification of payment could not be completed. Additionally, the data strings for July 2024 were not submitted due to processing delays from the June 2024 month-end, which affected July's reporting and resulted in non-submission. Despite a Schedule G notification of non-compliance, the portal cannot be re-opened, leaving the status of the data strings as outstanding, similar to last month. In previous months, the municipality has struggled to accurately reconcile the data strings against bank statements or proofs of payment. To address these issues, it has been recommended that the municipality strengthen the financial team's capabilities in reconciliation processes or employ specialized financial reconciliation programs to automate and reduce errors.

● Condition 6.4 - A funded MTREF

For the July 2024 compliance certificate, the Provincial Treasury (PT) assessed that Kannaland Municipality's adopted 2024/25 MTREF budget is unfunded. The municipality is currently revising its Budget Funding Plan following PT's assessment of the final adopted budget. During the 2024/25 draft budget discussions, it was

2 Municipal Circular No. 124 – Municipal Debt Relief Provincial Treasury Certification of Municipal Compliance of WC041 Kannaland Municipality July 2024

made clear that the council could not immediately adopt a final budget funding plan due to the need for further assessment and collaboration to accurately determine funding requirements. The Municipality and PT have agreed that the revised Budget Funding Plan must undergo consultation with PT before adoption.

The Provincial Executive initiated a mandatory intervention at Kannaland Municipality in December 2023, due to significant financial management concerns, as identified in terms of Section 140 of the Municipal Finance Management Act (MFMA). However, difficulties in collaboration and ongoing resistance from the municipality have jeopardized the intervention's effectiveness, posing risks to financial stability and compliance with the Municipal Debt Relief programme. In response, the Municipal Financial Recovery Service (MFRS) from National Treasury is crafting a mandatory financial recovery plan. This plan will involve consultations with key stakeholders and include a public participation phase to ensure comprehensive input. A roadmap detailing activities, outcomes, and timelines will be shared with municipal officials to promote transparency and cooperation.

● **Condition 6.5 - Cost reflective tariffs**

As part of the Municipal Debt Relief conditions Kannaland is required to update the National Treasury Tariff Model. The Municipality has not yet submitted evidence of having done this; hence a completed NT Tariff Model is still required.

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

The Municipality issues a consolidated monthly bill to consumers, prioritizing 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 authorize tenants to open separate service accounts which is not consistent with the conditions in circular 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 s.71 statement, which includes indigent information as specified by the National Treasury.

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

Kannaland Municipality reported an aggregate collection rate of 104% across its entire demarcation and 108% when excluding Eskom areas in July 2024. However, there are significant discrepancies between the figures in the Municipal C Schedule and the data in the monthly Annexure D revenue collection. These inconsistencies undermine the credibility of the reported collection rates and complicate verification against the required threshold of 85%. Resolving these discrepancies is crucial for ensuring the accuracy and reliability of the financial reporting.

Provincial Treasury notes that Kannaland Municipality reported an aggregate quarterly collection rate of 62% across its entire demarcation for the period April to June 2024, which did not meet the mandated 85% average quarterly collection target set for April 2024 onwards. In prior quarters Kannaland had met the 80% collection rate threshold that was applicable prior to April 2024, so there was a concerning deterioration in collections in the last quarter of the 2023/24 municipal financial year.

● **Condition 6.8 - Completeness of the Revenue Base**

The municipality has not shown alignment between its billing system and the Council-approved General Valuation Roll (GVR) or any supplementary GVRs, as revealed by the National Treasury's property rates reconciliation tool. This misalignment has led to various issues, including misclassifications, incorrect property

3 Municipal Circular No. 124 – Municipal Debt Relief Provincial Treasury Certification of Municipal Compliance of WC041
Kannaland Municipality July 2024

transfers, and omissions. Corrective actions such as notifying the valuer, adjusting classifications, conducting supplementary valuations, and rectifying property categorizations are underway. Despite these efforts, the municipality has not included the required monthly action plan in the Section 71 report, and it has not provided updates on the progress of the action plan.

● 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 the GoMuni portal but was rejected due to an error on the cover page, which listed the incorrect financial period 2023/24 instead of 2024/25. The municipality was advised to rectify this error and resubmit. Additionally, the MFMA S71 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
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

4 Municipal Circular No. 124 – Municipal Debt Relief Provincial Treasury Certification of Municipal Compliance of WC041 Kannaland Municipality July 2024

MFMA S71 Statement component		Compliance (Yes/No)
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	No
3.7.2	The Municipality's proof of payment of any such Eskom and/or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The Municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 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 integrated its monthly debt compliance reporting into its MFMA S71 narratives as required and demonstrated its commitment to continuous improvement and adherence to the set of conditions. The Municipality's MFMA Circular No. 124 self-assessment indicated several non-compliance issues. The remedial actions undertaken to achieve compliance and the timeframes thereof outlined in the MFMA S71 are noted and monitored by the Provincial Treasury. The progress on the implementation of the Budget Funding Plan is of concern and the Municipality needs to address the slow progress thereof.

● **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 fulfillment of the PT's role in certifying compliance of the Municipality.

● **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 authorized limits and program guidelines. These measures, while promoting sustainable debt management, also stabilize the Municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the Municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

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

● **Condition 6.12 - Proper management of resources and Condition 6.13 - Accounting Treatment**

It is noted that during February 2024, the National Treasury; Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular 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

5 Municipal Circular No. 124 – Municipal Debt Relief Provincial Treasury Certification of Municipal Compliance of WC041 Kannaland Municipality July 2024

the primary account's monthly bank reconciliations to Go Muni, 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.

● **Condition 6.14 - NERSA License**


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.



Municipal Circular No. 124 – Municipal Debt Relief Provincial Treasury Certification of Municipal Compliance of WC041
Kannaland Municipality July 2024

● 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 July 2024:

Annexure A2 - Monthly		Notes/Comments
<div>  <div> Kannaland Municipality Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003 Western Cape Provincial Treasury </div> </div>		
Certificate of Compliance: Municipal Debt Relief Conditions for Application		
Period	<div> <div>AFM</div> <div>2024/25</div> <div>Western</div> </div>	
National Financial Year		
Demarcation Code of Municipality being assessed		
District	Garden Route	
Demarcation Description	Kannaland	
<p>I, Julius Gantana, 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:</p> <p>Julius Gantana <small>(Signature)</small> <small>Chief Executive Officer</small></p>		
Municipal Debt Relief Conditions (Monthly reporting)		
<p>2.21 - Settling the Rates and Rates Water Services Account - Condition 6.22 <small>Settlement of rates and rates water services account must be completed by the 15th of the month following the month in which the rates and rates water services account is due.</small></p>		
6.22	<p>- Has the municipality paid to the water services account within 15 days of receiving the relevant invoice plus applicable interest, including interest?</p> <p><small>Note: refer condition 6.22.3</small></p> <p>- Has the municipality submitted the supporting evidence of the bulk water account payment to the National Treasury, the Water Board and/or the Water Trading Entity within 1 day of making any such payment (i.e. 15th day of the month following the month in which the rates and rates water services account is due)?</p> <p>- Have the amounts of the bulk water account payment as per the proof of payment reconcile to the amount recorded on the final bill issued as per the MFMA data string and the section 41(1) MFMA statement of the finance board and/or Water Trading Entity?</p>	<p>This condition cannot be verified because the municipality did not submit the required records and proof of payment for its bulk water (called account) in prior FYs.</p> <p>The municipality did not submit the supporting evidence of the bulk water account payment in the FY2024. Hence, it cannot be verified.</p> <p>This condition cannot be verified due to the municipality's failure to submit the data string by the 15th of the month. A Grade A rating was submitted to Provincial Treasury.</p>

3.1.2	3.1.2	The municipality has progressively applied smart prepaid meters in the new property supplied areas to increase its collection and only those on individual rate-billable basis, considered working off the debt of its customers, with no normal credit control process?	No		The municipality has not requested any programs at the limitation of smart prepaid meters.
3.1.3	3.1.3	Has the municipality adopted a policy to provide free electricity connection to the demonstrated need with effective 2021/22 financial year's smart prepaid meter?	Yes		
3.1.4	3.1.4	Has the municipality's 2021/22, 2022/23 and 2023/24 budget and adopted capital budgets and MPMs, section 71 provisions reflected the approach set out in 4.1.3 and 4.1.4?	Yes		
3.1.5	3.1.5	Has the municipality demonstrated through the National Treasury Property (after reconciliation and final) the municipality's billing system particularly aligns to its Council approved General Valuation and (GVA) and are its historical compliance rates completed by the registered municipal value?	No		The GVA reconciliation various issues across different property categories, including misclassification, property boundaries, and included property inclusion. These discrepancies have prompted a series of corrective actions, including revising the value, correcting classification in the billing system, conducting supplementary valuations, and 2023/24, customer property categorization. The municipality has addressed an amount due with the aid of the historical compliance rates. If the response is 6.8.1 is "No", the municipality demonstrated the debt taken to correct the various identified issues - annual report against the action plan to address issues to be included as part of the municipality's debt reconciliation (reconciliation in the Union's 21 accounts).
3.1.6	3.1.6	For the latest ending Quarter, has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		
3.1.7	3.1.7	Has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		
3.1.8	3.1.8	Has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		
3.1.9	3.1.9	Has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		
3.1.10	3.1.10	Has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		
3.1.11	3.1.11	Has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		
3.1.12	3.1.12	Has the municipality submitted its completed billing system, GVA and/or Property (GVA) reconciliation required in terms of paragraph 6.8.1 to the National Treasury quarterly (after MPMs) (GVA No. 15, 16, 17 and 18) to the official period arranged (by municipal treasury govt)?	Yes		

The Western Cape Provincial Treasury's assessment and compliance certificate confirms that during July 2024 Kannaland Municipality did not fully comply with all the MFMA Circular No. 124 conditions as was elaborated on above. It is also noted that the Municipality's July 2024 average compliance of 71 per cent which is an improvement from the 68 per cent achieved during June 2024. The Municipality must address these non-compliance matters. The Provincial Treasury is of the view that **it is not clear whether Kannaland Municipality's level of compliance is sufficient to qualify for the one third (1/3) debt write-off at the end of its first debt relief compliance cycle on 31 July 2024.** The Municipality must improve its collection rate and address the other outstanding matters as listed above. The Municipality is urged to strengthen its implementation of the debt relief conditions to gain 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

Julinda Gantana

Digitally signed by Julinda
Gantana
Date: 2024.08.28 17:38:04
+02'00'



MS J GANTANA

HEAD OFFICIAL: PROVINCIAL TREASURY

Cc: The Executive Mayor: Mr J Danson - mayor@kannaland.gov.za
Municipal CFO: Mrs. R Saptoe - cfo@kannaland.gov.za
Senior Manager Revenue Management: Rehoz Abramia - AbramiR@eskom.co.za
Senior Manager Finance Cape Coastal Cluster: Alike Brey - BreyA@eskom.co.za
Middle Manager Finance Cape Coastal Cluster: Unathi Yaso - YasoUN@eskom.co.za
MFMA Coordinator: Steven Kenyon - Steven.Kenyon@westerncape.gov.za
Director-General: Department of Cooperative Governance: Mr Mbulelo Tshangana - Zandilez@cogta.gov.za
CEO: SALGA: Sithole Mbanga - hmozibuko@salga.org.za

MFMA Circular 124 – Property Rates Reconciliation

Property Rates Reconciliation						
Province	WC					
District	Garden Route District					
Type	LRA					
Municipal Name	Kannaland Municipality					
City/Town	P1101/0001 - 3646/2024					
Financial Year	2024/2025					
Reconciliation Period	Quarter 1					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	4435	4435	0	795,614,000.00	786,387,000.00	227,000.00
Industrial	21	21	0	54,309,000.00	54,309,000.00	-
Business and Commercial	188	180	-2	136,987,000.00	137,637,000.00	-650,000.00
Agricultural	3006	3006	-2	1,699,368,000.00	1,700,233,956.00	-865,956.00
Mining	0	0	0	-	-	-
State Owned for Public Purpose	55	55	0	132,924,000.00	132,924,000.00	-
PSI	158	159	+1	3,838,000.00	3,858,000.00	-20,000.00
PSO	7	6	1	11,377,000.00	10,510,000.00	867,000.00
Multi Use	0	0	0	-	-	-
Vacant	302	299	3	8,513,000.00	7,737,000.00	776,000.00
POW	56	56	0	48,060,000.00	47,960,000.00	200,000.00
Municipal	1211	1213	-2	104,776,000.00	107,078,000.00	-2,302,000.00
Other	63	63	0	75,522,000.00	75,522,000.00	-
	9502	9505	-3	3,062,788,000.00	3,064,056,956.00	-1,267,956.00
Detailed Reconciliation						
Property Categories	Monthly Billing			Quarterly		
	GV	MFS	Variance	GV	MFS	Variance
Residential	845,711	845,175	536	845,711.00	845,174.63	536.37
Industrial	175,504	175,504	-	175,504.25	175,504.25	-
Business and Commercial	445,257	447,300	-2,043	445,257.75	447,300.25	-2,042.50
Agricultural	410,681	411,290	-609	410,680.90	411,286.50	-605.60
Mining	-	-	-	-	-	-
State Owned for Public Purpose	432,000	432,000	-	432,000.00	432,000.00	-
PSI	-	-	-	-	-	-
PSO	3,898	3,416	482	3,897.53	3,415.75	481.78
Multi Use	-	-	-	-	-	-
Vacant	12,814	12,573	241	12,813.63	12,572.63	241.00
POW	-	-	-	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	83,427,637.75	82,332,271.20	895,366.55	83,427,637.75	82,332,271.00	895,366.75

Prepared By	<u>I GRISPE</u>	Date	<u>11-10-2024</u>
Signature			
Reviewed By	<u>R. NEL</u>	Date	<u>11/10/2024</u>
Signature			

MFMA Circular 124 – Maintain Eskom & Water Bulk Accounts

Standard Bank of South Africa

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The Standard Bank of South Africa Limited Registered Bank Reg. No. 1962/000738/06

CUSTOMER ALL PAYMENTS FINAL AUDIT REPORT

Customer No	420543546	User Name	KANNALAND MUNICIPALITY
User ID	OCK31	Reference	2024263602
Sub Module	SSVS	Action date	20240927
Description	GUH46 20240919 15:42:27.3	Finalreleasingoperators	GAV53 M SCHEFFERS
Finalreleasingoperators	RXX08 CM CLAASEN (A)		
Sub-batch	001	From Account no	0009420543546
		From Account Name	KANNALAND MUNICIPALITY (MAIN)
Trans No	1		
Acc No / CDI	55161636814		
Branch No	200910		
Statement Ref	KANNALAND MUN		
Account Name	ESKOM HOLDINGS W/C REGION		
Creditor Code	ESKOM NEW		
Amount	6,720,153.78		
StatusDescription	FINAL AUDIT TO BE DOWNLOADED		
RTGS/RTC	F		
ISN/Bus Ref	277		
Pay Alert	N		

DATE : 2024-09-27 11:45:51

Page : 1



ESKOM HOLDINGS SOC LTD REG NO 3082015527/30
VAT REG NO 4749181500

KANNALAND LOCAL MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
P O BOX 30
LADISMITH
6655

WESTERN REGION
PO BOX 377 BELVILLE 7535

CONTACT CENTRE: (0860) 607166
FAX NO: 0862 437 546
E-MAIL: customerservice@eskom.co.za
WEB: WWW.ESKOM.CO.ZA



TEL: 08600 37558
SMS:

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

WESTERN REGION
PO BOX 377 BELVILLE 7535

DIRECT DEPOSIT DETAIL
BANK: ABISA
BRANCH CODE: 351118
BANK ACC NO: 340167430

YOUR ACCOUNT NO	7052108005
SECURITY HELD	0.01
BILLING DATE	2024-08-14
TAX INVOICE NO	705425789740
ACCOUNT MONTH	AUGUST 2024
CURRENT DUE DATE	2024-09-13
VAT REG NO	4540197268

TAX INVOICE

E-MAIL: localities@kannaland.gov.za

ACCOUNT TRANSACTION SUMMARY

FIXED CHARGE	R	25,485.00
ADMINISTRATION CHARGE	R	5,621.54
TRANSMISSION NETWORK CAPACITY	R	160,500.00
DIST. NETWORK CAPACITY CHARGE	R	115,500.00
NETWORK DEMAND CHARGE	R	101,755.39
URBAN LOW VOLTAGE SUBSIDY	R	282,900.00
ANCILLARY SERVICE (ALL)	R	15,713.81
ENERGY CHARGE (OFF)	1,004,045.00	R 1,028,543.70
ENERGY CHARGE (PEAK)	359,053.00	R 2,241,489.60
ENERGY CHARGE (STD)	788,666.00	R 1,487,633.53
ELECTRIFICATION AND RURAL SUBS (ALL)		R 337,308.82
REACTIVE ENERGY	101,444.00	R 28,708.65
SERVICE CHARGE		R 12,471.92

TOTAL CHARGES FOR BILLING PERIOD R 5,843,611.96

ACCOUNT SUMMARY FOR AUGUST 2024

BALANCE BROUGHT FORWARD	(Due Date 2024-08-07)	R	37,714,341.05
PAYMENT(S) RECEIVED	Cash - 2024-08-08	R	-6,097,930.72
TOTAL CHARGES FOR BILLING PERIOD		R	5,843,611.96
VAT RAISED ON ITEMS AT 14%		R	0.00
VAT RAISED ON ITEMS AT 15%		R	876,541.80

COPY ONLY

ACCOUNT NO / REFERENCE NO

7052108005

NAME

KANNALAND LOCAL MUNICIPALITY

FAX NUMBER

0866160914

0934 7052108005

11341 7052108005



9207 2705 2108 0051

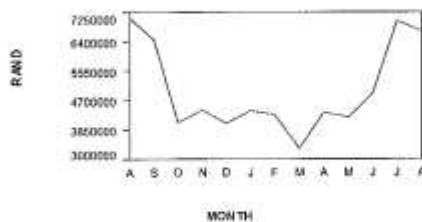


TOTAL AMOUNT DUE

37,436,564.10

ARREARS				CURRENT	TOTAL DUE R	37,436,564.10
>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS			
18,380,471.5	5,338,007.72	6,997,930.72	0.00	6,720,153.70		

Account OVERDUE - Subject to Disconnection



PAGE RUN NO	EE 20
BILL GROUP	
BILL PAGE	1 OF 2

PAYMENT ARRANGEMENT	
INSTALMENT	
ARREARS (Due Immediately)	0.00
ARREARS (Due Immediately)	50,716,410.34
DUE DATE (For Current Amount)	2024-09-13
AMOUNT PAID	

LATE PAYMENT CHARGES WILL BE
ADDED TO OVERDUE ACCOUNT

Standard Bank of South Africa

The Standard Bank of South Africa Limited Registered Bank Reg. No. 1962/000738/06

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CURRENT ACCOUNT - STATEMENT DETAILS

Account	0009420543546	KANNALAND MUNICIPAL	Statement For	20240927	VAT Registration	4540197268
Branch	000113	LADISMITH CAPE	Statement No	497		

Page	Details	Service Fee	Debit	Credit	Date	Balance
1	BALANCE BROUGHT FORWARD	0.00	0.00	0.00	20240926	838,562.53
1	CREDIT CARD EFTPOS SETTLEMENT	0.00	0.00	1,980.00	20240926	840,542.53
	CR EFTPOS PLC 9 0003873109577					
1	CREDIT CARD EFTPOS SETTLEMENT	0.00	0.00	8,917.40	20240926	847,459.93
	DR EFTPOS PLC 9 0003873109577					
1	CREDIT CARD EFTPOS SETTLEMENT	0.00	0.00	13,252.41	20240926	860,712.34
	DR EFTPOS R3G 5 0000073109582					
1	CREDIT TRANSFER	0.00	0.00	81.10	20240927	860,793.44
	OAC RENTAL					
1	CREDIT TRANSFER	0.00	0.00	61,004.75	20240927	922,598.19
	UTILITIES WORLD					
1	CREDIT TRANSFER	0.00	0.00	71,002.02	20240927	993,600.21
	UTILITIES WORLD					
1	CREDIT TRANSFER	0.00	0.00	1,912.80	20240927	995,513.01
	CBL 4544					
1	CASH DEPOSIT NOTES	0.00	0.00	800.00	20240927	996,313.01
	CALITZDORP					
1	CASH DEPOSIT NOTES/COINS	0.00	0.00	1,465.20	20240927	997,778.21
	COMOTORS 25/09/2024					
1	CASH DEPOSIT NOTES/COINS	0.00	0.00	1,945.00	20240927	999,723.21
	CBL MOTORS 25/09/2024					
1	CASH DEPOSIT NOTES/COINS	0.00	0.00	2,022.00	20240927	1,001,745.21
	COMOTORS 23/09/2024					
1	CASH DEPOSIT NOTES/COINS	0.00	0.00	5,307.50	20240927	1,007,052.71
	CBL MOTORS 23/09/2024					
1	CASH DEPOSIT NOTES/COINS	0.00	0.00	8,155.10	20240927	1,013,207.81
	LADISMITH					
1	CASH DEPOSIT NOTES	0.00	0.00	21,570.00	20240927	1,034,777.81
	LADISMITH					
1	CASH DEPOSIT NOTES/COINS	0.00	0.00	43,714.20	20240927	1,078,492.01
	CALITZDORP					
1	ELECTRONIC BANKING TRANSFER FR	0.00	0.00	497,694.11	20240927	1,576,186.12
	WSIG IMBRILO PAYMENT					
1	ELECTRONIC BANKING TRANSFER FR	0.00	0.00	1,700,000.00	20240927	3,276,186.12
	MIG TO MAIN					
1	ELECTRONIC BANKING TRANSFER FR	0.00	0.00	2,900,000.00	20240927	6,176,186.12
	DEP TO MAIN					
1	ELECTRONIC BANKING TRANSFER FR	0.00	0.00	3,900,000.00	20240927	10,076,186.12
	BULK TO MAIN					
2	BALANCE BROUGHT FORWARD	0.00	0.00	0.00	20240927	10,076,186.12
2	ELECTRONIC BANKING PAYMENT TO	0.00	-1,607.74	0.00	20240927	10,074,578.38
	BUYS BUYER CATERIN RVX6815:55					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-1,645.60	0.00	20240927	10,072,932.78
	C0220 CLAASSEN CM RVX6815:37					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-1,645.60	0.00	20240927	10,071,287.18
	C0220 CLAASSEN CM RVX6815:47					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-1,899.60	0.00	20240927	10,069,387.58
	BUYS BUYER GR RVX6815:55					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-1,913.79	0.00	20240927	10,067,473.79
	BUYS BUYER N RVX6815:55					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-2,810.43	0.00	20240927	10,064,663.36
	STEEN STEENKAMP L RVX6815:55					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-2,835.01	0.00	20240927	10,061,828.35
	VAN D MERWE VAN DER RVX6815:55					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-21,251.48	0.00	20240927	10,040,576.87
	STEEN STEENKAMP L RVX6815:37					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-308,672.28	0.00	20240927	9,731,904.59
	ESKOM ESKOM HOLDING RVX6808:34					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-497,694.11	0.00	20240927	9,234,210.48
	IMBRI IMBRILO CONS RVX6815:47					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-1,700,000.00	0.00	20240927	7,534,210.48
	MNR P MATHABATHA NO RVX6815:55					
2	ELECTRONIC BANKING PAYMENT TO	0.00	-6,720,153.76	0.00	20240927	814,056.72
	ESKOM ESKOM HOLDING RVX6808:33					
2	ELECTRONIC BANKING TRANSFER TO	0.00	-84,504.54	0.00	20240927	729,552.18
	TRF TRANSPORT RECEIPTS					
2	ELECTRONIC BANKING TRANSFER TO	0.00	-113,000.00	0.00	20240927	616,552.18

DATE 20241010 13:50:46

Page : 1

SECTION 7 – QUALITY CERTIFICATION



Posbus 30 P.O. Box
LADISMITH
6655

KANNALAND
MUNISIPALITEIT | MUNICIPALITY

info@kannaland.co.za
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 **SEPTEMBER 2024** 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 October 2024